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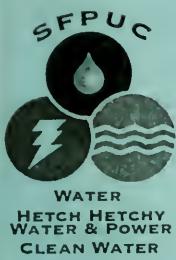
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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

May 13, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

MAY 10 2003

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the March 21, 2003 Special Meeting
 - b) Minutes of the April 22, 2003 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) California Association of Sanitation Agencies Presentation (Martel)
 - b) Association of California Water Agencies Update (Martel)
 - c) Corps of Engineers Local Briefing (Martel)
 - d) Recycling Feasibility Study (Carlin/Raines)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Award Contract No. CW-294, 24th / Washburn Streets Sewer Replacement, in the amount of \$234,550 to JMB Construction, Inc.
 - b) Staff Recommendation: Accept work performed for Contract No. CW-282, Clean Brannan Street sewer, for a total contract amount of \$108,050, and authorize final payment of \$10,805 to JF Pacific Liners, Inc.
 - c) Staff Recommendation: Accept work performed for Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$60,637.98, for a final contract amount of \$638,092.02, and authorize final payment of \$69,412.61 to Harty Pipelines, Inc.
 - d) Staff Recommendation: Accept work performed for Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$4,081.00, for a final contract amount of \$161,244.00, and authorize final payment of \$24,224.40 to Harty Pipelines, Inc.

REGULAR BUSINESS

10. Discussion and possible action related to security of water, wastewater and power facilities. (Davis)
Staff Recommendation: Adopt policy guidelines for business practices and resource allocations to improve the security of water, wastewater and power facilities.

11. Discussion and possible action related to transfer of customer's unclaimed credit balances. (Vizcarra)

Staff Recommendation: Authorize SFPUC's Customer Services to transfer consumer credit balances on accounts that have been closed and unclaimed for more than three years to the unappropriated surplus funds.
12. Discussion and possible action related to adoption of rules for the customer appeal process regarding sewer service charges. (Vizcarra)

Staff Recommendation: Discuss draft copy of "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges." A public hearing will be held during the May 27, 2003, Regular Meeting. Adoption of the Rules will be considered at that time.
13. Discussion and possible action related to fund transfer from Project CUH 955-01 to CUH 947-10. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to transfer \$300,000 from Project CUH 955-01 Clean Water Program, Southeast Water Pollution Control Program Solar Project to Project CUH 947-10 Moscone Renewable Energy Project for anticipated necessary code compliance modifications and lighting performance and control enhancements.
14. Discussion and possible action related to reallocation of funds from CUW654 to CUW651 and CUW624. (Maiolini)

Staff Recommendation: Approve the reallocation of funds, in the amount of \$4,200,000 from Project CUW654 – Seismic Rehabilitation North Basin Sunset Reservoir, to Project CUW651 – Pump Station Upgrades-CDD Master Plan (\$2,350,000), and to Project CUW624 – Reservoir Roofs / Seismic Upgrade (\$1,850,000).

LEASES AND PERMITS

15. Discussion and possible action related to a Revocable Permit with CityNet Telecommunications, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit with CityNet Telecommunications, Inc., a Delaware corporation, for the installation, maintenance,

use and repair of fiber optic infrastructures and cables within a portion of SFPUC's sewer system running between Pine and Spear Streets in San Francisco and within such other portions of the sewer system as Permittee may choose from time to time (with approval from the SFPUC).

Special Permit Clauses: 2.2, 2.3, 5.4, 5.5, 5.6, 5.8, 7.2 and 7.3

16. Discussion and possible action related to a Revocable Permit with Cablerunner North America, LLC. (Dowd)

Staff Recommendation:

Authorize the General Manager of Public Utilities to execute a Revocable Permit with Cablerunner North America, LLC, a Florida limited liability company, for the installation, maintenance, and repair of fiber optic infrastructure in a portion of SFPUC's Sewer System located in San Francisco.

Special Permit Clauses: 2.4, 2.5, 6.1, 6.2, 6.3, 6.4, 8.2.3

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Contract No. CW-338. (Maiolini)

Staff Recommendation:

Award Contract No. CW-338, WPCD Energy Monitoring and Management System, in the amount of \$510,000 to HSQ Technology Corp.

18. Discussion and possible action related to Contract No. HH-902. (Maiolini)

Staff Recommendation:

Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.

Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning.

Amend

19. Discussion and possible action related to Contract No. WD-2371. (Maiolini)

Staff Recommendation: Approve Modification No. 1 to Contract No. WD-2371, Hatchy Hatchy Water Treatment Project – Pulgas Dechloramination Facility, increasing the contract by \$2,000,000, for a total contract amount of \$16,051,826.

Close

20. Discussion and possible action related to Contract No. WD-2166R. (Maiolini)

Staff Recommendation: Accept work performed for Contract No. WD-2166R, CDD Safety & Environmental Hazard Abatement, approve Modification No. 3 (Final), increasing the contract by \$79,537, for a total contract amount of \$1,515,041; and with a time extension of 210 consecutive calendar days for a total contract duration of 480 consecutive calendar days; and authorize final payment of \$39,564 to Schram Construction, Inc.

21. Discussion and possible action related to Contract No. WD-2340. (Maiolini)

Staff Recommendation: Accept work performed for Contract No. WD-2340, Recoating of Bay Division Pipelines (BDPL) Nos. 1 & 2 in the vicinity of the Irvington Pump Station, approve Modification No. 3 (Final), for a time extension of 51 consecutive calendar days and a total contract duration of 201 consecutive calendar days; and authorize final payment of \$77,724.99 to Certified Coatings of California Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Agreement No. CS-724. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for San Francisco Electrical Reliability Power Project Agreement No. CS-724, Architect-Engineering Design and Consulting Services, receive proposals for said professional services agreement, interview and conduct a selection procedure to identify the best qualified consulting firm to provide engineering design and

consulting services to support power plant licensing, and provide technical expertise in gas turbine power plant design, in the amounts shown in the RFP, each for a period of 36 months, with a total spending authority of \$750,000 and return to the Commission for approval to negotiate and execute professional services agreements.

23. Discussion and possible action related to Agreement No. CS-725. (Smeloff)

Staff Recommendation:

Authorize the General Manager of Public Utilities to advertise and request proposals for San Francisco Electrical Reliability Power Project Agreement No. CS-725, Environmental Services; receive proposals for said professional services agreement; interview and conduct a selection procedure to identify the best qualified consulting firms for separate agreements, not to exceed four (4), to provide specialized environmental, consulting and power plant licensing services, in the amounts shown in the RFP, each for a period of 36 months, with a total spending authority of \$1,500,000 and return to the Commission for approval to negotiate and execute professional services agreements.

CLOSED SESSION

24. Public comments on matters to be discussed in Closed Session.
25. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

26. Conference with Labor Negotiator pursuant to Government Code Section 54957.6. (Clayton)

Name and title of City's negotiator: Patricia E. Martel, General Manager
Individual contract with the Assistant General Manager for Infrastructure,
Public Utilities Commission
Pursuant to Charter section 8B.126
All terms and conditions

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Gonzalez/Roddy)

Existing Litigation: University of California, Hastings v. CCSF
(Superior Court No. 997-534);
University of California, San Francisco v. CCSF
(Superior Court No. 311-005);
University of California, Hastings v. CCSF
(Superior Court No. 400-550);
University of California, San Francisco v. CCSF
(Superior Court No. 324-662)

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Simpson)

Existing Litigation: JMB Construction, Inc. v. City & County of San Francisco,
San Francisco Superior Court, Unlimited Jurisdiction,
Case No. 408-928.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

MINUTES

JUL 17 2003

May 13, 2003
1:30 P.M.
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Water Department
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BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:45 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Robert J. Costello

Excused - Commissioner Jeffrey A. Chen

3. Approval of Minutes

Moved by Commissioner Costello, seconded by Vice President, to adopt the Minutes of the April 22, 2003 Regular Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

President Normandy announced Ms. Patricia E. Martel, General Manager of Public Utilities, was delayed in the Mayor's Office and that Mr. Ed Smeloff, Assistant General Manager for Power Policy, Planning & Resource Development, would represent her.

Mr. Smeloff stated he had not been briefed by Ms. Martel and had no comments to offer on the report of the General Manager. He stated staff was prepared to present reports.

President Normandy requested that Item 7(d) be presented first and that the other reports would be presented pending Ms. Martel's arrival.

- d) Recycling Feasibility Study

Mr. Michael Carlin, Manager of the Bureau of Systems & Strategic Planning, stated the feasibility study was done in the Sunol Valley. He introduced Mr. Bruce

Lymburn, Attorney with Wendel, Rosen, Black and Dean Attorney's of Law, who was charged with moving the investigation forward.

Mr. Lymburn stated the recycling study was a result of a Commission directive to find ways to enhance the value of SFPUC property in the Sunol area. For two years, Mr. Lymburn with the assistance of Mr. Carlin, Ms. Martel, Mr. Gary Dowd (SFPUC Real Estate Services Director), and Mr. Josh Milstein (Deputy City Attorney), explored ways of doing this through housing and a conference center on golf course property. The passage of Measure D in Alameda County made those projects difficult, as the measure changed land use options in the Sunol area and encouraged agriculture. As a result, SFPUC considered expanding the irrigated agricultural basin in Sunol. This consideration required a source of water, which raised the possibility of recycled water, as the use of potable Hetch Hatchy water would be inappropriate for agriculture. In addition, the storage of water during the winter was investigated. The firm of Raines, Melton and Carella, Inc. Consulting Engineers (RMC) was contracted to launch a feasibility study for a preliminary look at the project.

Mr. Randy Raines, representing RMC, presented an electronic slide show, "Sunol Valley Water Recycling Feasibility Study." The slides, organized by background, project objectives, market scenarios, project alternatives, costs vs. benefits, and project conclusions, showed the findings of the use of recycled water in the Sunol Valley.

Mr. Raines stated Sunol is key to the Hetch Hatchy system. North of Sunol, there is a source of recycled water from the Dublin San Ramon Services District's (DSRSD) wastewater treatment plant at the intersection of 580 and 680. Mr. Raines stated they are trying to figure out how much of the flow from the treatment plant is available for use in the Sunol Valley. At present, an East Bay Municipal Utilities District (EBMUD) and DSRSD project is planning on taking some recycled water to the San Ramon Valley from this source. SFPUC is considering using the water not used by that project. Related to this was the fact that recycled water is used in the summertime and there is need for wintertime storage of water.

The project objectives were: 1) evaluate the feasibility of using recycled water from DSRSD in Sunol Valley from technical and economic perspectives, 2) increase the water supply reliability to the Hetch Hatchy system by using recycled water, 3) utilize the highest quality water for the highest beneficial use, 4) increase revenue from SFPUC-owned property, and 5) potentially meet supply needs of developing agriculture in the Sunol Valley.

Three market scenarios were evaluated for using recycled water: 1) existing Sunol Valley customers, such as golf courses and nurseries, 2) taking water from the treatment plant along the 680 corridor and providing recycled water to other customers, and 3) getting into higher demand market with future agricultural users.

Three project alternatives were evaluated: 1) direct delivery from the treatment plant at the 580/680 interchange and piping it down to Sunol Valley for recycled use, 2) store winter DSRSD flows in Cope Lake, and 3) store winter DSRSD flows in the Sunol Valley Rock Quarry.

The costs versus benefits were presented in a summary table evaluating the three market scenarios. The table demonstrated that costs go down as the use of water goes up and that the economy improves when it includes all the customers on the way down 680 and Sunol Valley customers.

The project would have multiple potential benefits: 1) provide a water supply to agriculture customers, 2) avoid costs for the waste water discharge agency, 3) Hetch Hatchy potable water would be freed up because recycled water is used, 4) land lease benefit, 5) regional water supply reliability and 6) regional environmental benefits.

A table demonstrating the economic feasibility improves with higher recycled water demand and demonstrated what the projects would cost in terms of dollars per acre-foot and the projected amount of water that would be used. As the demand increases, the benefits increase and the costs go down.

There were three project conclusions: 1) serving existing Sunol Valley water users alone is not feasible, 2) adding Castlewood and Fairgrounds customers helps, but additional Pleasanton users would be needed, and 3) adding future agricultural use of recycled water lowers unit costs and increases benefits to improve the economics of the project.

Five issues were identified to create a feasibility scorecard regarding water projects for agricultural use: 1) technical, 2) economic, 3) public policy, 4) public acceptance, and 5) environmental. It was determined the technical and economic issues had been met. The remaining three issues need to be defined and determined whether they make sense from a feasibility standpoint.

Mr. Raines concluded his presentation with the next steps to be considered: 1) initiate discussions with City of Pleasanton, DSRSD, and Zone 7 Water Agency, 2) coordinate with other SFPUC efforts in the Sunol Valley, 3) outreach to potential stakeholders and the public, 4) pursue agricultural development, and 5) refine project benefits. He availed himself to the Commission for questions.

Vice President Bhatt inquired on the status of the City of Pleasanton and their interest in recycled water. Mr. Raines stated some informal conversations have ensued with Pleasanton. The City Manager has not been approached. It is known staff is interested in using recycled water, but it has not been pursued beyond that.

Vice President Bhatt asked what percentage of water Pleasanton wanted to use and what percentage of the water could be used. He stated that if the water supply

would be divided between agriculture and other areas, it seemed most economic to supply Pleasanton. He referred to the part of the study on spending money versus collecting money and thought SFPUC would be spending a lot more than they would be earning.

Mr. Raines inquired if he was asking that serving Pleasanton users before going as far as the Sunol Valley made more sense.

Vice President Bhatt stated he was trying to determine if the cost of selling water to Pleasanton would be more in the long term.

Mr. Raines stated it was important to include Pleasanton in the conversations, because the more water used and customers served, the more efficient the project. He stated Pleasanton users were closer to the treatment plant than Sunol Valley, but what made sense about including Sunol Valley was the development of the agricultural land lease.

Vice President Bhatt agreed it made sense for the environmental and economic issues. His concern was cost versus supply. He stated he was trying to figure out the accumulation of water and water supply calculations and balancing that so that SFPUC would not lose.

Mr. Lymburn stated Pleasanton is building Happy Valley, a 200-acre golf course. They also have a lot of sports fields, schools and large areas good for recycled water use but are currently taking potable water out of their Zone 7 allotment. Though discussion has not been initiated with Pleasanton yet, it is believed they would be interested in recycled water because they would have use for it.

Commissioner Caen asked Mr. Lymburn to comment on Measure D.

Mr. Lymburn stated the voters of Alameda County enacted Measure D in November 2000. The measure created an urban limit line around the cities of the tri-valley with development, such as housing, inside the urban limit line, but no housing or commercial development outside this urban limit line. Everything outside the urban limit line was rezoned as agriculture. The measure also stated it could not be amended except by a vote of the people of Alameda County. He stated, if SFPUC was a regular landowner, it could sponsor a ballot measure and campaign for it, but is prohibited from doing that. The effect of the measure limits SFPUC to agriculture in terms of increasing land values in Sunol.

Commissioner Caen inquired about storage and asked about the rock quarry in Sunol that was mentioned, and wanted to know if it was to become SFPUC's or if there was another existing quarry there. Mr. Raines stated SFPUC would take possession of the Sunol Valley Rock Quarry in two years. Commissioner Caen asked if it was already dug. Mr. Raines stated it was.

Commissioner Caen inquired about Cope Lake and if Pleasanton would have to approve it as a storage area. Mr. Raines stated Cope Lake was another excavated quarry owned by Zone 7. He stated some other area agencies are considering it as an option for storing recycled water; therefore, it was included in the discussion.

President Normandy expressed caution in the approach taken with Pleasanton. He congratulated the teamwork on the project and stated it provided a good introduction to the issue of recycled water. He stated one of the Commission's high priorities is increasing finances and storage capabilities for the agency. Key to that is looking at recycled water within the context of revenue generation, but more important is overcoming the 20-25% water shortage to serve existing customers. He thought it might be a stretch to expand the customer base to create revenues in order to make recycled water feasible. He offered the perspective that increasing recycled water might be done to store the water rather than create revenue for it.

President Normandy took the agenda out of order, setting aside Items 7(a), (b) and (c), to proceed with the rest of the meeting.

- a) California Association of Sanitation Agencies Presentation
- b) Association of California Water Agencies Update
- c) Corps of Engineers Local Briefing

8. Public Comments on matters not on today's agenda.

President Normandy stated the Commission had received a memorandum from staff regarding input from discussions with members of the Residential Users Appeals Board (RUAB). He invited Mr. Nate Ratner, RUAB Member, to make additional comments to the ongoing process. Mr. Ratner had three unresolved issues: 1) the formula, 2) deduct meters, and 3) a RUAB voting concern.

He prefaced the first issue by stating, during his 14-year association with the Clean Water Program (CWP) and RUAB, the focus has moved to water conservation. His issue related to the use of different formulas for determining flow factor based on gallons of water used per day. He stated staff was using an "original" formula from years ago when water was unlimited and RUAB was using another formula.

Mr. Ratner described some aspects of deduct meters and the possibility of installing them in San Francisco. Basically, a meter is installed at the curb with a separate meter on the property to a backflow vacuum breaker. Water used for irrigation is deducted from the full bill as far as sewer service charge is concerned. He stated the issue was who would be the responsible party for deduct meters.

The third issue concerned the three-member board and an amendment to their voting practice, raising the issue of how to deal with split votes and ties.

He stated the memorandum sent to the Commission was good in its intent. He availed himself to meet with the Commission if they had any questions. He closed by stating that RUAB serves as a vehicle for citizens to address sewer service charges and that it is a fair deal for citizens, SFPUC and public relations.

Commissioner Caen inquired if it would be wise for SFPUC to look into deduct meters.

Mr. Ratner stated deduct meters would be good for SFPUC, particularly if more than 30% is used for irrigation. He gave the example of the Los Angeles Bureau of Power & Light (LABPL) selling deduct meters to the consumer with the meter remaining on LABPL property. Consumers have a contractor install it and it is inspected to make sure there is a backflow vacuum breaker. Customers pay from the curb to irrigation. He stated the problem at this point in time is who will take responsibility for deduct meters—City Distribution Division (CDD), the meter shop or Customer Services (CS)—as no agreement has been made. He stated that deduct meters installed some years ago by DPW at Stonestown and Park Merced resulted in savings to the customers and the agency and helped the Water Department and RUAB resolve problems with bills. He stated deduct meters would be a positive deal for the consumer and SFPUC because with no expense, SFPUC would charge for the meter, the monthly service, the water coming off the main meter, and the consumer would get a deduction off their sewer charges.

President Normandy thanked Mr. Ratner for his comments. He acknowledged the work RUAB does for consumers and the cooperative work in progress between staff and RUAB in recent months.

Mr. Ratner's last point was about the different flow factors in wet and dry months and how these conditions affect the formula. He stressed the formula needs more research to come up with a better formulation. President Normandy urged doing the needed research.

CONSENT CALENDAR

9. Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the items (a-d) listed under the Consent Calendar; passed (4-0) unanimously.
 - a) Resolution No. 03-0081: Award Contract No. CW-294, 24th / Washburn Streets Sewer Replacement, in the amount of \$234,550 to JMB Construction, Inc.
 - b) Resolution No. 03-0082: Accept work performed for Contract No. CW-282, Clean Brannan Street sewer, for a total contract amount of \$108,050, and authorize final payment of \$10,805 to JF Pacific Liners, Inc.

- c) Resolution No. 03-0083: Accept work performed for Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$60,637.98, for a final contract amount of \$638,092.02, and authorize final payment of \$69,412.61 to Harty Pipelines, Inc.
- d) Resolution No. 03-0084: Accept work performed for Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$4,081.00, for a final contract amount of \$161,244.00, and authorize final payment of \$24,224.40 to Harty Pipelines, Inc.

REGULAR CALENDAR

- 10. Discussion and possible action related to security of water, wastewater and power facilities.

Ms. Cheryl Davis, Acting Assistant General Manager of Operations, stated the item was general in order to respond to changing conditions and allow for flexibility. She noted utilities are facing large costs associated with security needs, in addition to all other previously identified needs, and that utilities will have to look for funding to meet all these needs.

President Normandy stated the Commission has a high priority on security measures to protect the agency's facilities and consumers and is aware there are not enough funds. He supported the resolution's focus on increased security and needed funding, but stated the resolution was not complete. He requested staff work on a stronger measure specifying all monies found not necessary for operations on an annual basis and beyond be set aside for security. He requested the item be presented to the Commission within the next two meetings.

Commissioner Caen stated she wanted to add that when rates are considered, they might have to be raised with the ratepayer knowing it is for security modifications.

President Normandy directed comment to Mr. Dowd and Mr. Lymburn regarding increasing the SFPUC real estate assets and how anything generated beyond the norm be applied to security.

Vice President Bhatt stressed the need for a security system appropriate in terms of technology.

President Normandy stated the item was continued to the call of the General Manager.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to continue Item 10 to the call of the General Manager; passed (4-0) unanimously.

Staff Recommendation: Adopt policy guidelines for business practices and resource allocations to improve the security of water, wastewater and power facilities.

11. Discussion and possible action related to transfer of customer's unclaimed credit balances.

President Normandy stated the item was self-explanatory and routine, but urged that incoming monies be considered for application to security measures.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0085: Authorize SFPUC's Customer Services to transfer consumer credit balances on accounts that have been closed and unclaimed for more than three years to the unappropriated surplus funds.

12. Discussion and possible action related to adoption of rules for the customer appeal process regarding sewer service charges.

Ms. Marge Vizcarra, CS Manager, stated City Attorney Office staff, Customer Services staff, and SFPUC staff members Bill Laws and Steve Medbery drafted the proposed rules, which establish procedures for reviewing and deciding appeals of the department's calculations of wastewater discharges for purposes of assessing sewer service charges. The draft was presented to RUAB, input was received from them, and some items remain open for discussion.

Issue was made with the different types of methods of formulas used for calculating sewer service charges. The initial draft recommended the use of one formula—the irrigation potential formula. After meeting with RUAB, an additional alternative for calculating sewer flow factor is being considered to present to the Commission. Another issue was deduct meters. As the issue requires extensive investigation, it was decided to delete it from the proposed rules at this time.

President Normandy asked Ms. Vizcarra if she was open to continuing the item as she and Mr. Ratner both stated it was "in progress." Ms. Vizcarra stated she was open to it, but understood there was interest in adopting the rules as soon as possible.

Commissioner Caen requested that deduct meters be put on the Old/Ongoing Business calendar, to keep the Commission apprised of progress on the research. Ms. Vizcarra agreed. President Normandy asked Mr. Smeloff to note the direction.

President Normandy stated that based on the lack of consensus between RUAB and staff on the formula, he suggested it would be prudent to continue the item to the next meeting and allow time to work out a final formula determination. Ms. Vizcarra agreed to this.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to continue Item 12 to the next regular Commission meeting scheduled on May 27, 2003; passed (4-0) unanimously.

Staff alerted the Commission and Ms. Vizcarra that May 27 was the public hearing on water rates. President Normandy asked Commissioner Costello if he would amend his motion to the meeting following May 27.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to continue Item 12 to the Commission meeting scheduled on June 10, 2003, as amended; passed (4-0) unanimously.

Staff Recommendation: Discuss draft copy of "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges." A public hearing will be held during the May 27, 2003, Regular Meeting. Adoption of the Rules will be considered at that time.

13. Discussion and possible action related to fund transfer from Project CUH 955-01 to CUH 947-10.

Mr. Smeloff gave an overview of the transfer of \$300,000 in capital funds allocated for the Southeast solar project to the Moscone solar project. The final submittals for Moscone included change orders for energy conservation, doubling the lighting intensity for exhibit halls and redoing the sprinkler system for code compliance. He stated the change orders would not have fiscal impact on the Southeast project, as the \$300,000 would be recovered through a loan agreement. He stated there remained sufficient funds of \$2.1 million for the large-scale solar project at Southeast. The benefits of the change orders would increase peak demand reduction, improve lighting quality, and upgrade the fire and safety systems.

Commissioner Caen asked why Moscone was not taking on the cost for the lighting and sprinkler system. Mr. Smeloff stated SFPUC was responsible for project management of the entire project. He further explained SFPUC had taken on the financial and project management responsibilities for Moscone West and Moscone South and would recoup the funds over the next several years through a repayment of the cost.

Commissioner Caen stated she understood SFPUC's responsibility for the solar panels, but not for the interior. Mr. Smeloff stated it was always a combined project

of the rooftop solar panels and an energy efficiency retrofit of the interior. He stated the change orders were small, constituting 5% of the total project costs.

President Normandy called for public comment on the item.

Public Comment:

Mr. Emeric Kalman, San Francisco resident, had a April 3, 2003 Mayor's Capital Improvement Advisory Committee (CIAC) document which referred to \$2.9 million for Moscone from the Mayor's Energy Conservation Account (MECA). He stated there was no correlation between the figures in the documents and that if more money was being requested, it should be better documented. He asked the Commission to postpone the vote until he had an opportunity to speak with Mr. Smeloff about the dollar amounts.

Mr. Smeloff stated the solar and energy efficiency projects at Moscone South were clearly budgeted in the 2001-2002 appropriation. He stated Mr. Kalman was looking at the 2002-2003 budget year, in which \$2.9 million was appropriated through CIAC for energy efficiency and completion of the Moscone West project—an entirely separate project from the Moscone South solar project. He offered to meet with Mr. Kalman to explain the budgets.

President Normandy asked Mr. Smeloff to elaborate on the project at Southeast and how the \$300,000 transfer would affect it. Mr. Smeloff stated the project comprises installing solar panels on two administrative buildings at the Southeast Wastewater Treatment Plant. The site is sufficient in space to support 300 kw of photovoltaics. The price paid at Moscone was \$6,500 per kw. Based on that, the Southeast system would be under \$2 million. There are sufficient funds to match that price. It is expected a competitive price will come in, in addition to some contingency and reserves for the project.

President Normandy asked if these costs could be used to firm up the budgeted figure for Southeast. Mr. Smeloff stated it was expected that bidders would match the Moscone cost on a per watt basis for Southeast.

President Normandy asked if it wasn't a stretch of SFPUC responsibilities to do better lighting and a sprinkler system at Moscone and to elaborate on program direction. Mr. Smeloff stated when new lighting fixtures were installed in the exhibit halls, modifications had to be made to the existing sprinkler system. At that time, it was determined the system was not code compliant and that improvements needed to be made. The larger change is the lighting, not the sprinkler system. He stated a result of the redesign of the lighting retrofit in Moscone was peak demand reduction. There is a synergistic benefit for Moscone where actual reduction of load on the system will be greater on the system as a result of a redesign on the project.

Commissioner Costello stated concern that the \$300,000 would reoccur in 3-4 months and take money away from Southeast. He felt commitments to Southeast needed to be kept. Mr. Smeloff stated it would not reoccur. He informed the Commission that the solar panels would be installed between May 19-26 and the project would be completed by mid-July. He assured the Commission there would be no need for additional change orders.

Commissioner Caen stated on reflection she had problems with a "cosmetic upgrade" for Moscone and that taking \$300,000 from Southeast was not the direction set forth by the Commission. She stated she could not vote in favor of the change orders unless they could be shown to be necessary. Mr. Smeloff responded it was not a cosmetic change as it was the original scope of the project to do significant energy efficiency measures within Moscone. Moscone requested lighting improvements and to fulfill a project goal to reduce peak demand. To return to the old project design would create a crisis for SFPUC to meet the final design package. SFPUC cannot do the project without the concurrence of Moscone, a process that has required delicate negotiation between Moscone and the contractor.

Commissioner Caen asked if there was a reimbursement schedule. Mr. Smeloff stated an MOU had been worked out that set the general principles for general reimbursement from Moscone. When there is a final actual cost, details will be worked out on the reimbursement schedule. The principle is to recover all of SFPUC's costs over 5 years, plus the City's cost of capital.

Commissioner Costello asked what the budgetary amount for the correction of the sprinkler system was to bring it up to code. Mr. Smeloff stated it was \$56,810.

President Normandy spoke in support of the resolution because of the positive feedback received thus far on the project and for the fact there was a full reimbursement schedule.

Commissioner Caen requested the result of the MOU be put on the Old/Ongoing Business so the Commission could keep track of the reimbursement schedule.

Vice President Bhatt stated he was in favor of energy efficiency and solar projects, but didn't support the sprinkler system because it was not part of the energy efficiency project. He didn't support the transfer of funds for the project. Commissioner Costello responded to Vice President Bhatt stating he had misgiving about the transfer of funds, but that there would be a problem with the Fire Department if the sprinkler system weren't to code, thereby impeding progress on the Moscone project. President Normandy echoed the opinion stating there wouldn't be a solar panel project either. Vice President Bhatt maintained his position that the sprinkler system was not related to the energy efficiency project.

President Normandy stated Mr. Smeloff clarified the issue and as the funds would be reimbursed, it was important for SFPUC to move on the resolution. He stated Mr. Smeloff was in receipt of the Commission's direction and requested that all points discussed come to pass.

Moved by Commissioner Costello, seconded by President Normandy, to adopt the following resolution; passed (3-1). Vice President Bhatt voted no.

Resolution No. 03-0086: Authorize the General Manager of Public Utilities to transfer \$300,000 from Project CUH 955-01 Clean Water Program, Southeast Water Pollution Control Program Solar Project to Project CUH 947-10 Moscone Renewable Energy Project for anticipated necessary code compliance modifications and lighting performance and control enhancements.

14. Discussion and possible action related to reallocation of funds from CUW654 to CUW651 and CUW624.

Mr. Steve Maiolini, Program Management Liaison, stated the reallocation of \$4.2 million from the Sunset North project would go to the Central Pump Station and Merced Manor projects. The projects need to be completed to maintain the CIP schedule. The reallocation for the two projects would cover construction costs, construction management, engineering support, and contract contingency.

Commissioner Caen asked where the \$4.2 million would come from. Mr. Maiolini stated it would be included with the new 2002 capital improvement bond program.

Commissioner Caen asked if "it was being taken out of A and being put in the new." Mr. Maiolini stated this was correct.

Commissioner Caen asked Mr. Maiolini to review why the Merced Reservoir funding was so low and why it had increased so much. Mr. Maiolini stated the current funding was \$3.8 million and the construction cost for Merced Manor would be approximately \$5.5 million—an additional \$1.5 million from the 97 bond program. The \$1.85 million would be for the construction, the management, engineering support and contingency. Per the agenda item he quoted, "...the original cost was based on preliminary surveys of the reservoir. Later and more detailed investigations determined that the amount of repairs and the level of seismic retrofit work needed were originally underestimated."

Commissioner Caen stated that underestimating a project this size was not good business and that estimates should be firmer. She asked President Normandy if it would be wise to see more details on the item. President Normandy agreed with Commissioner Caen's financial points and asked if the schedule would allow bringing the item to the next meeting to address the issues.

Mr. Howard Fung, Project Manager, stated the underestimated \$3.8 million budget was based on a survey of the existing condition. Subsequent review of the retrofitting done at the Sutro and Sunset Reservoirs showed the work at Merced was more extensive and required more money than the original estimates.

President Normandy stated it was logical but that Commissioner Caen's request for continuance was prudent and appropriate.

Moved by Commissioner Costello, seconded by Vice President Bhatt to continue Item 14 to the next regular Commission meeting scheduled on May 27, 2003; passed (4-0) unanimously.

Staff Recommendation: Approve the reallocation of funds, in the amount of \$4,200,000 from Project CUW654 – Seismic Rehabilitation North Basin Sunset Reservoir, to Project CUW651 – Pump Station Upgrades-CDD Master Plan (\$2,350,000), and to Project CUW624 – Reservoir Roofs / Seismic Upgrade (\$1,850,000).

President Normandy recessed the meeting at 3:10 P.M.

President Normandy reconvened the meeting at 3:19 P.M.

LEASES AND PERMITS

15. Discussion and possible action related to a Revocable Permit with CityNet Telecommunications, Inc.

Mr. Gary Dowd requested Items 15 and 16 be called together as they were related. The Commission agreed to do so.

Mr. Dowd stated for over two years, he and Water Pollution Control (WPC) had been working in cooperation with the Department of Telecommunications & Information Systems (DTIS), DPW, and the City Attorney's Office, on the City-wide project of installing fiber optics in sewer pipes throughout the City. The project would benefit everyone.

Mr. Dowd briefly described two approaches for installation, provided examples and pamphlets, and offered to show a video. One approach uses a ring shaped like a sewer pipe. It is installed in the pipe with the fiber placed in a cable tray that clips into the ring. The rings are placed every 5 feet. In addition to providing the means for installing fiber optics, they increase the structural integrity of the sewer, providing a twofold benefit. The installation is by robotics. The technology has been in place in Europe for over eight years. CityNet uses this technology and would provide one conduit to the City to be used for whatever purpose is seen fit.

The other approach uses a tray with a plastic clip that screws into the top of the sewer pipe. It is also installed by robotics.

During the two-year investigation, the departments asked every conceivable question about the technology and received satisfactory answers. Mr. Dowd explained that both agreements would be a pilot program and that if anything went wrong, notice could be given and the technology could be removed immediately.

President Normandy asked if the two approaches were compatible in the same system. Mr. Dowd stated there would be "a capacity that we can live with and that is the maximum, so it will be one or the other." He stated there are 900 miles of sewer pipeline in the City with different routes to take if they need to get somewhere. One of the project's benefits is City streets already impacted by utilities would not have to be dug up for the installation. He stated he could show a video on the process or have representatives from CityNet, DTIS and WPC address specific questions.

The Commission chose to hear from representatives.

Mr. Ken Rakip, Vice President for Engineering for CityNet Telecommunications, Inc, stated he and two CityNet staff members had been in San Francisco since January establishing relationships with City entities, local contractors and engineering firms. They sought resources experienced with CCSF. CityNet has an office, warehouse and installation crew in place to start with preparation on the project. CityNet utilizes the ring technology. They have completed projects in three U.S. cities and have agreements with fifteen others. He stated it was gratifying to work cooperatively with City departments and acknowledged Gary Dowd, Tom Franzia and the WPC staff, Gene Handa from DPW, and Brian Roberts and Brian Wilson from DTIS

Commissioner Costello asked what craft would do the installation. Mr. Rakip stated the installation of the clamps in hardware would be done in-house by CityNet crews.

Commissioner Costello asked if they were unionized. Mr. Rakip stated their craft was not unionized.

Commissioner Costello stated he raised the issue because there had been an agreement in effect since fiber optics started between plumbers and electricians. In the past, both crafts have been involved and he felt this needed to be up front.

Mr. Rakip explained a lot of work would be done before installation. The project would place two new manholes for the City and union laborers and a local contractor would do the job. When the fiber optic cable gets pulled, it would be by a local fiber optic telecommunications contractor. He stated unions would be represented most likely on the electrical side. He explained the actual placement is

proprietary technology and would be done by CityNet crews trained extensively in its installation and in the operations of robots.

Commissioner Bhatt asked how many conduits the City would receive. Mr. Rakip stated one conduit.

Commissioner Bhatt asked how many connections were in a conduit. Mr. Rakip stated up to 144 fiber optic strands could be placed.

Commissioner Bhatt asked if it was a life-time installation. Mr. Rakip stated it would be contingent upon the term of the agreement that is negotiated. The technology has a lifespan of a minimum of 20 years, but it would be bound by the agreement with SFPUC.

Commissioner Bhatt asked if the City would receive or benefit in some way for the use of their land or sewer system. Mr. Dowd stated there would be a \$2 per linear foot fee for the actual fiber that is installed by CityNet. In addition to one free conduit, the manholes installed were estimated at \$40,000 and the City Attorney fees paid by CityNet were estimated at \$45,000. These in-like services amounted to approximately \$100,000, and does not include the use of the free cable. Mr. Rakip stated, additionally, CityNet would take over inspection of the line for the lifetime of the system for the portions of the sewer they occupy. On a regular basis, inspection results would be provided to sewer operations and CityNet would assume responsibility for any required cleaning. He stated there were some additional benefits over and above the \$2 per foot fee and those identified by Mr. Dowd.

Commissioner Bhatt stated his concern was that CityNet is a for-profit company and they would gain from the sale of connections to the City, which in turn would get passed on to the consumer. He stated if the City was making any profit sharing, even though benefiting from the project, he didn't want to see the income generated by CityNet's or Cablerunner's installations to flow out of the City. Mr. Dowd stated it was hoped the project would generate revenue in the future for the SFPUC. As it is a pilot program, the revenue would not initially be huge, but it was a way to introduce the innovative technology, to create a working relationship, and to work on the goal of boosting revenue for the expanding SFPUC system. He reiterated the agreements are revocable at anytime.

Commissioner Bhatt inquired if a clause could be included regarding the agreement being mutually beneficial to the consumer, the City and the vendor. Mr. Dowd stated the CityNet agenda item had a special clause 7.2 about linear foot fees and a mechanism in place to go after revenues. Mr. Rakip clarified that CityNet Telecommunications is not a telecom carrier. He stated on this project City Net would be acting in the capacity of a construction company, and their customers would be telecom carriers and cable TV companies who would continue to pay

their fees to the City. The City would continue to derive its fees from the franchises, in addition to whatever was derived from the agreement.

President Normandy stated the points raised by the Commission were cogent and that factors regarding unions, local statutes, etc., needed to be raised. He felt the Commission needed to raise the factor about revenue sharing and the value-added benefit of the fiber optics embedded in the SFPUC's sewer system as it is an enterprise agency and needs to look for revenue opportunities in all ways. He felt the pilot program needed protections built in for negotiation, that negotiations could take place before going into the pilot program, and that the issues raised not be discarded.

Mr. Dowd asked for verification on direction. He understood the Commission supported the installation with the caveat that future installations that go above and beyond the 1300 feet on the pilot would be closely negotiated and that there should be substantial revenues for the SFPUC in that process. President Normandy stated this was correct. He acknowledged the technology being beneficial for all concerned, that there were immediate benefits, but not to lose sight of the future benefits. He thanked Mr. Dowd for the creative approach and for keeping the agency in a prime position to create revenues for the City.

President Normandy called for public comment.

Public Comment:

Mr. Kalman endorsed creating revenues, especially ones where money didn't have to be invested to create revenue. He asked what would happen if the sewer collapsed or if there was a disaster and the installation was destroyed. He thought cable companies, etc., would sue SFPUC or the City, and wanted to know what was in the contract regarding legal liability.

Mr. Dowd responded that this was a good and fair question and was the first question all the departments asked. He stated SFPUC would be fully indemnified and insured in this instance. He stated he was confident the needed protections were in place. Mr. Joshua Milstein, Legal Counsel, stated knowing the transactional attorneys involved, he believed there was an onerous indemnity clause that would tend to eliminate any lawsuits.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0087: Authorize the General Manager of Public Utilities to execute a Revocable Permit with CityNet Telecommunications, Inc., a Delaware corporation, for the installation, maintenance, use and repair of fiber optic infrastructures and cables within a portion of

SFPUC's sewer system running between Pine and Spear Streets in San Francisco and within such other portions of the sewer system as Permittee may choose from time to time (with approval from the SFPUC).

Special Permit Clauses: 2.2, 2.3, 5.4, 5.5, 5.6, 5.8, 7.2 and 7.3

16. Discussion and possible action related to a Revocable Permit with Cablerunner North America, LLC.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No.03-0088: Authorize the General Manager of Public Utilities to execute a Revocable Permit with Cablerunner North America, LLC, a Florida limited liability company, for the installation, maintenance, and repair of fiber optic infrastructure in a portion of SFPUC's Sewer System located in San Francisco.

Special Permit Clauses: 2.4, 2.5, 6.1, 6.2, 6.3, 6.4, 8.2.3

Commissioner Caen was excused at 3:45 P.M.

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Contract No. CW-338.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0089: Award Contract No. CW-338, WPCD Energy Monitoring and Management System, in the amount of \$510,000 to HSQ Technology Corp.

18. Discussion and possible action related to Contract No. HH-902.

Mr. Maiolini stated the project would improve the water quality and supply from Hetch Hetchy Reservoir by connecting a second higher outlet into the dam. The outlet would allow withdrawal of water from a higher level of the reservoir when the existing low level of withdrawal causes poor water quality due to turbidity. He

stated after the agenda item was written, the June 3, 2003, Board of Supervisors (BOS) meeting, referred to in the item, was cancelled and changed to June 10, 2003. He noted this needed to be changed in the agenda item and resolution.

Mr. Carlin stated it was important to know there were two actions in the resolution. First was the adoption of the California Environmental Quality Act (CEQA) document as written, which is a Mitigated Negative Declaration, prepared under the auspices of the City Planning Department. The declaration was published on February 8, upheld by the Planning Commission on May 1, subsequently appealed, and is to be heard by the full BOS on June 10, 2003. Second was awarding the construction contract for the project contingent on the outcome of the June 10 appeal hearing before the BOS.

President Normandy called for public comment.

Public Comment:

Mr. Oral Moore, retired SFPUC Manager and Chief Engineer of the Hetch Hetchy Project, stated two concerns about the project. The first was dam stability and cutting into the dam. He questioned cutting into the dam unless a stability study was done to know the effect it might have on the structure. The second regarded the pipe coming out of the existing trifurcation and proposed changes to it that might affect the flow of water and the force exerted.

Mr. Winchell Hayward, retired SFPUC Hetch Hetchy Engineer, spoke in opposition to the project. He questioned if the turbidity problem was real or alleged and didn't want money spent on a nonproblem. He suggested an independent study for definitive data be done on turbidity before spending millions of dollars. He also objected to cutting into the dam. He suggested building a foundation outside the dam instead of cutting into it. He felt cutting into it was poor policy and a bad precedent for those groups that want to remove the dam. Mr. Hayward also suggested if the project was approved, to increase the discharge pipe from 60 to 72 inches to discharge more water. He understood valves had already been bought for the project and thought this was presumptuous. He stated he didn't think the project was a good use of City expenditures and asked that it not be approved, but be continued for more study.

Mr. Ron Good, Executive Director of Restore Hetch Hetchy (RHH), stated RHH believes the project is not justified from a public policy and financial perspective, and that public documents state the project would address a problem that appears 3% of the time. He also stated the project would duplicate turbidity filtration controls that are in the plan for the Sunol Valley Water Treatment Plant, authorized by the CIP and approved by Proposition A in November 2002. He distributed copies of CIP Appendix 3 in support of their claim. He stated there are CEQA concerns, that an Environmental Impact Report (EIR) should be done, and if it is not done, it is the City's responsibility, not the appellants, to demonstrate why an

EIR should not be prepared. Furthermore, RHH believes the project requires the approval of the U.S. Secretary of the Interior under Section 4 of the 1913 Raker Act. He stated RHH filed an appeal on May 9 to the BOS regarding the Planning Commission's decision and expects to appear before the BOS on June 10. RHH has plans to appeal beyond the BOS, if necessary, and plans to participate in the process for as long as it takes to defend their legal rights.

Vice President Bhatt asked if any of the principal contractors were qualified MBE or WBE. Mr. Maiolini stated that all three bidders, A. Ruiz, ProVen and Mitchell, were MBEs, as shown in the HRC memo attached to the item.

President Normandy asked Mr. Carlin to briefly address the specific issues raised by the speakers.

Mr. Carlin stated Mr. Moore and Mr. Hayward raised engineering questions and suggested that SFPUC engineering staff meet with them and go through the detailed drawings for them to better understand the project. He stated the project required approval from the Department of Safety of Dams and that the approval was attained. Increasing the pipe from 60 to 72 inches was a significant change that would require going back through the CEQA process, etc., and would necessitate the project be put out to bid again. On the issue of preordering valves, he stated the project is linked with other critical projects and long lead times for materials and supplies were needed to move forward on the project.

Mr. Carlin stated Mr. Good's issue with the Sunol Valley expansion within the CIP was like comparing an orange to an apple—the apple being that SFPUC is trying to modernize taking water out of Hetch Hetchy Reservoir through O'Shaughnessy Dam. He stated most reservoir operations have multiple levels by which to pull water out of a reservoir. The project would allow SFPUC to make sure the system is reliable and would provide another way to get water out of the reservoir. In the case of an excursion event, such as turbidity, the regulations are more restrictive today than in the past and the water would need to be withdrawn. He entertained the scenario of the Hetch Hetchy supply becoming unavailable due to a water quality excursion during the summer when peak demand on the system demonstrates the dependence on the Hetch Hetchy supply to meet the customer's demand. He asked Mr. Milstein to address the legal issues raised under the Raker Act.

Mr. Milstein addressed several of Mr. Good's comments. He stated the CEQA standard is tough and the appellants would have to present a fair argument that there is a significant environmental impact that requires an EIR. He pointed out that the City Planning Commission upheld the Mitigated Negative Declaration and did not find that there was a significant unmitigated impact. The text of the Raker Act, Section 4 speaks to approval of a major project. If the City has to get a right of way modification or change a location, the U.S. Department of the Interior (USDOI) would be involved in assessing the appearance of the structure. The project in

question is a modification on a small area of the face of the O'Shaughnessy Dam. He stated the City has never gone to USDOI under Section 4 to get approval for the appearance of a modification of an existing structure. He thought if SFPUC were required to go to USDOI, he didn't think that USDOI approval of the appearance of a project of this sort would constitute a major federal action under the National Environmental Policy Act or that an EIR for the project would be required. He stated the project was presented to the National Park Service (NPS) and they did not object. He stated there is an improvement measure in the environmental document that calls for the concrete color to be matched to meet the existing structure. If there is argument about the visual appearance of the work, it has been taken care of by the improvement measure and the discussion with NPS.

President Normandy suggested that the approval on the item be delayed until the next meeting, based on Mr. Carlin's suggestion that the two engineers meet with SFPUC staff to make sure their concerns were addressed, the advice from legal counsel relative to the other issues, the recent receipt of the materials, and the absence of two Commissioners.

Mr. Carlin recommended approving the item today before the appeal to the BOS.

President Normandy asked if the Mitigated Negative Declaration was sufficient and that an EIR was not necessary. Mr. Milstein stated he thought it was sufficient and noted Mr. Carlin pointed out that the approval of the contract was conditional on the outcome of the BOS. He stated SFPUC has a letter agreement with the contractor that allows termination of the contract at no cost to SFPUC. He also addressed the purchase of the valves, stating the valves could be used in other projects, so their purchase did not predispose the result.

President Normandy stated the direction he was moving was to continue the item to the next meeting to allow the Commission to absorb the material, to hear more of the pros and cons, and to allow two absent Commissioners to be involved. He understood the point of meeting the BOS's June 10 timeframe. President Normandy moved to continue the item to the next regularly scheduled meeting on May 27. He called for discussion.

Vice President Bhatt asked if the City Attorney's Office could provide more details on the change issues of the modification work as it came up in the protest portion and ensure SFPUC is accurate in its dealings and results.

Commissioner Costello felt it was important that the full 5-member Commission vote on the item.

President Normandy agreed with Commissioner Costello's point and added that more time was needed to digest all the information. He requested staff provide the Commission with all other information pertinent to the item so the Commission could make the right decision.

Moved by Commissioner Costello, seconded by Vice President Bhatt to continue Item 18 to the next regular Commission meeting scheduled on May 27, 2003; passed (3-0) unanimously.

Staff Recommendation: Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.

Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning.

Amend

19. Discussion and possible action related to Contract No. WD-2371.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0090: Approve Modification No. 1 to Contract No. WD-2371, Hatchy Hatchy Water Treatment Project – Pulgas Dechloramination Facility, increasing the contract by \$2,000,000, for a total contract amount of \$16,051,826.

Close

20. Discussion and possible action related to Contract No. WD-2166R.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0091: Accept work performed for Contract No. WD-2166R, CDD Safety & Environmental Hazard Abatement, approve Modification No. 3 (Final), increasing the contract by \$79,537, for a total contract amount of \$1,515,041; and with a time extension of 210 consecutive calendar days for a total contract duration of 480 consecutive calendar days; and authorize final payment of \$39,564 to Schram Construction, Inc.

21. Discussion and possible action related to Contract No. WD-2340.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0092: Accept work performed for Contract No. WD-2340, Recoating of Bay Division Pipelines (BDPL) Nos. 1 & 2 in the vicinity of the Irvington Pump Station, approve Modification No. 3 (Final), for a time extension of 51 consecutive calendar days and a total contract duration of 201 consecutive calendar days; and authorize final payment of \$77,724.99 to Certified Coatings of California Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

Mr. Smeloff requested that Items 22 and 23 be called together as they were related. The Commission agreed to do so.

22. Discussion and possible action related to Agreement No. CS-724.

Mr. Smeloff stated that both items were Request for Proposals (RFP) for consultants, one environmental and the other engineering and architecture, to assist in the licensing of four combustion turbine power plants needed for the shut down of the Hunters Point Power Plant (HPPP). The Independent System Operator (ISO) has agreed on specific terms that will result in the closure of the HPPP, the most critical being the siting of the four turbine plants.

To meet the requirements of a power purchase agreement with the State of California, SFPUC has to complete a data-adequate application for certification of the power plants to the California Energy Commission by February 1, 2004. The two consultants are needed to prepare the application, one for the preliminary design of the power plants and the other for the environmental work associated with the application.

Mr. Smeloff stated there would be no fiscal impact on the SFPUC to fund the work because of \$2.6 million currently in an escrow agreement and a total of \$13.6 million negotiated as part of the Williams settlement for project development. MBE goals were set at 6% in the engineering contract and 13% in the environmental contract. The agreement calls for consultation with Local 21 on the contracts. They are scheduled to meet after today's meeting.

He stated the benefit of moving forward on the items would be the successful licensing to shut down the HPPP, resulting in the reduction of dirty and older peaker plants with flexible, efficient and clean technology. The risk of not moving forward would be violation of the agreement with the State of California.

President Normandy spoke in support of both items and thanked Mr. Smeloff for the legal and moral standpoints presented.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0093: Authorize the General Manager of Public Utilities to advertise and request proposals for San Francisco Electrical Reliability Power Project Agreement No. CS-724, Architect-Engineering Design and Consulting Services, receive proposals for said professional services agreement, interview and conduct a selection procedure to identify the best qualified consulting firm to provide engineering design and consulting services to support power plant licensing, and provide technical expertise in gas turbine power plant design, in the amounts shown in the RFP, each for a period of 36 months, with a total spending authority of \$750,000 and return to the Commission for approval to negotiate and execute professional services agreements.

23. Discussion and possible action related to Agreement No. CS-725.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0094: Authorize the General Manager of Public Utilities to advertise and request proposals for San Francisco Electrical Reliability Power Project Agreement No. CS-725, Environmental Services; receive proposals for said professional services agreement; interview and conduct a selection procedure to identify the best qualified consulting firms for separate agreements, not to exceed four (4), to provide specialized environmental, consulting and power plant licensing services, in the amounts shown in the RFP, each for a period of 36 months, with a total spending authority of \$1,500,000 and return to the Commission for approval to negotiate and execute professional services agreements.

CLOSED SESSION

24. Public comments on matters to be discussed in Closed Session.

There were none.

25. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to assert the attorney-client privilege; passed (3-0) unanimously.

President Normandy recessed the meeting at 4:24 P.M.

The Public Utilities Commission met in Closed Session at 4:30 P.M. to discuss the following matters in this order: 27, 28, 26.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Gonzalez/Roddy)

Present were President Normandy, Vice President Bhatt, Commissioner Costello, SFPUC General Manager Patricia E. Martel, SFPUC Assistant General Manager of Power Policy Edward Smeloff, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Finance Rate Administrator William Laws, Deputy City Attorney John Roddy, and Deputy City Attorney Don Margolis.

Existing Litigation: University of California, Hastings v. CCSF
(Superior Court No. 997-534);
 University of California, San Francisco v. CCSF
(Superior Court No. 311-005);
 University of California, Hastings v. CCSF
(Superior Court No. 400-550);
 University of California, San Francisco v. CCSF
(Superior Court No. 324-662)

No action was taken.

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Simpson)

Present were President Normandy, Vice President Bhatt, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Project Manager Manfred Wong, SFPUC Construction Inspector Abdirahman Abdi, and Deputy City Attorney Louise Simpson.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Existing Litigation: JMB Construction, Inc. v. City & County of San Francisco, San Francisco Superior Court, Unlimited Jurisdiction, Case No. 408-928.

Resolution No. 03-0096

26. Conference with Labor Negotiator pursuant to Government Code Section 54957.6.
(Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Name and title of City's negotiator: Patricia E. Martel, General Manager
Individual contract with the Assistant General Manager for Infrastructure,
Public Utilities Commission
Pursuant to Charter section 8B.126
All terms and conditions

Resolution No. 03-0095

Following the Closed Session, the Commission reconvened in open session at 5:37 P.M.

29. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Costello, seconded by Vice President Bhatt, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

President Normandy moved to continue Items 7(a), (b) and (c) to the next regular Commission meeting scheduled on May 27, 2003.

Moved by President Normandy, seconded by Commissioner Costello, to continue Items 7(a), (b) and (c) to the next regular Commission meeting scheduled on May 27, 2003; passed (3-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:38 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL (415) 554-3155 • FAX (415) 554-3161



NOTICE OF PUBLIC HEARINGS

To Consider and Adopt "Rules Providing for Appeals of the
Department's Determination of Wastewater Volume for
Purposes of Assessing Sewer Service Charges"

WILLIE L. BROWN, JR.
MAYOR

ANN MOLLER CAEN
PRESIDENT

E. DENNIS NORMANDY
VICE PRESIDENT

ASHOK KUMAR BHATT
JEFFREY A. CHEN
ROBERT J. COSTELLO

PATRICIA E. MARTEL
GENERAL MANAGER

Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing on Tuesday, May 27, 2003, at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, to consider adopting "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges."

To Consider Revised Schedules of
Rates and Charges to be Charged by the
San Francisco Water Enterprise

Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing on Tuesday, May 27th, 2003, at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, to consider the adoption of revised Schedules of Rates and Charges for water service and water supplied by the San Francisco Water Enterprise to its retail and wholesale customers including municipal accounts; and to consider adoption of miscellaneous fees and charges for various permits and services provided by the San Francisco Water Enterprise.

Copies of the proposals will be available for review beginning May 14, 2003 at 1155 Market Street, 11th Floor, San Francisco, California.

All interested parties are invited to attend the public hearing and present their views.

Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

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Mary Y. Jung
Secretary

MAY 10 2003

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Revised Dates NOTICE OF PUBLIC HEARINGS

1. To Consider Revised Schedules of Rates and Charges to be Charged by the San Francisco Water Enterprise

WILLIE L. BROWN, JR.
MAYOR

E. DENNIS NORMANDY
PRESIDENT

ASHOK KUMAR BHATT
VICE PRESIDENT

ANN MOLLER CAEN
JEFFREY A. CHEN
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PATRICIA E. MARTEL
GENERAL MANAGER

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Copies of the proposals will be available for review beginning May 14, 2003 at 1155 Market Street, 11th Floor, San Francisco, California. The *Rate Report and Proposed Rate Schedule for FY 2004* can be accessed on the website of the San Francisco Public Utilities Commission at www.sfwater.org.

2. To Consider and Adopt "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges"

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Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing on *Tuesday, June 10, 2003*, at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, to consider adopting "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges." (This hearing was rescheduled from May 27, 2003.)

All interested parties are invited to attend the public hearing and present their views. Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

May 27, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

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DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Budget Update
 - b) California Association of Sanitation Agencies Update
 - c) Association of California Water Agencies Update
 - d) Corps of Engineers Local Briefing
 - e) Chamber of Commerce Water and Power Committee Meeting
 - f) Lake Merced Update (Carlin)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) Status Report on BAWUA (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-264, Pine Street Sewer Rehabilitation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
 - b) Staff Recommendation: Approve the plans and specifications for Contract No. CW-276, Sutter Street Sewer Rehabilitation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
 - c) Staff Recommendation: Approve the plans and specifications for Contract No. CW-312, Ashbury St./Frederick St./Woodland Ave./Willard St. Sewer Replacement, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
 - d) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2309, HTWTP Pre-chlorination System Upgrade, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
 - e) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2385, Half Moon Bay Meters Road Repairs, Phase 2, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
 - f) Staff Recommendation: Award Contract No. CW-335, 10th Avenue / Ortega Street / Oak Park Drive Sewer Replacement, in the amount of \$541,620 to JMB Construction, Inc.

REGULAR BUSINESS

11. Public Hearing – To consider revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Laws)

Staff Recommendation: To consider and adopt a schedule of rates to be charged by the San Francisco Public Utilities Commission for retail water service in San Francisco and suburban areas to be effective with meter readings on or after July 1, 2003.

12. Public Hearing – To consider the water rate to be charged for Suburban Resale and Long Term Contract. (Persons who are unable to attend the public hearings may submit to the City, by the time the proceedings begin, written comments regarding the subjects of the hearings. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Laws)

Staff Recommendation: To consider and adopt the water rate to be charged by the San Francisco Public Utilities Commission for Suburban Resale with Long Term Contract to be effective with meter readings on or after July 1, 2003.

13. Discussion and possible action related to Memorandum of Understanding with the California Energy Commission. (Smeloff)

Staff Recommendation: Approve a Memorandum of Understanding between the City & County of San Francisco (CCSF) and the California Energy Commission (CEC) to obtain support from the CEC for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and authorize the SFPUC and San Francisco Department on the Environment to administer and act as co-leads for this agreement between CCSF and the CEC.

14. Discussion and possible action related to reallocation of funds from CUW654 to CUW651 and CUW624. (Continued from meeting of May 13, 2003) (Fung)

Staff Recommendation: Approve the reallocation of funds, in the amount of \$4,200,000 from Project CUW654 – Seismic Rehabilitation North Basin Sunset Reservoir, to Project CUW651 – Pump Station Upgrades-CDD Master Plan (\$2,350,000), and to Project CUW624 – Reservoir Roofs / Seismic Upgrade (\$1,850,000).

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Contract No. HH-902. (Continued from meeting of May 13, 2003) (Carlin)

Staff Recommendation: Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.

Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning.

Close

16. Discussion and possible action related to Contract No. CW-247. (Wong)

Staff Recommendation: Accept work performed for Contract No. CW-247, 5th Street Sewer Rehabilitation, approve Modification No. 1, (Final) decreasing the contract by \$145,766.69, for a total contract amount of \$575,553.31, and with a time extension of 40 consecutive calendar days for a total contract duration of 130 consecutive calendar days; and authorize final payment of \$80,565.62 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

17. Discussion and possible action related to Agreement No. CS-716. (Nelson)

Staff Recommendation:

Approve the selection of URS Corporation for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and authorize the General Manager of Public Utilities to negotiate and execute a professional services agreement with URS Corporation to perform engineering services for the Calaveras Dam Project Conceptual Engineering for a contract amount not to exceed \$4,000,000 and a duration not to exceed forty-eight months from the Notice to Proceed.

Authorize the General Manager of Public Utilities to negotiate the scope of work and budget with URS Corporation for subsequent project phases beyond project conceptual engineering at the sole discretion of the Commission. Should the Commission decide not to enter into a subsequent phase contract with URS, URS shall agree that the City shall not be liable.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.
19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Conference with Labor Negotiator pursuant to Government Code Section 54957.6. (Clayton)

Name and title of City's negotiator: Patricia E. Martel, General Manager
Individual contract with the Assistant General Manager for Infrastructure,
Public Utilities Commission
Pursuant to Charter section 8B.126
All terms and conditions

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

21. Announcement following Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

MINUTES

JUL 17 2003

May 27, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:42 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Robert J. Costello

Excused - Commissioner Jeffrey A. Chen

3. Approval of Minutes

There were none.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

President Normandy requested that an Annual Report be provided to the Commission regarding the maintenance and progress on the Sunol Water Temple.

President Normandy also requested that staff respond to correspondence from the Bay Area Ridge Trail Council regarding proposed dates for a program they are planning. In addition, he requested an appropriate plaque be placed on a rock at the Bay Area Ridge Trail site to commemorate its opening.

President Normandy requested that Mr. Michael Carlin, Manager of Strategic and Systems Planning Bureau, provide information on sources for water banking.

6. Introduction of New Business by Commissioners

Vice President Bhatt requested for additional information regarding GIS/DTIS.

Commissioner Caen requested for a report from Human Resource Services with up-to-date information on vacancies.

President Normandy requested Real Estate Services to provide the Commission with information on how the proposed building project next to the SFPUC main offices on Market Street would impact SFPUC.

President Normandy requested a response from staff regarding information he received from a constituent regarding their observation that the Department of Public Works (DPW) swept debris into SFPUC catch basins.

7. Report of the General Manager

Ms. Patricia E. Martel, General Manager of Public Utilities, announced the following recognitions: (1) The American Public Works Association, Northern California Section awarded the 2003 Distinguished Project Award to the SFPUC for the Santa Clara Valley Water District Intertie Pipeline and Pump Station project during Public Works Week. Mr. Leonard Swanson, Project Manager, Mr. Eric Gee, Resident Engineer, and Mr. Leroy Gullette, Project Engineer, were acknowledged. (2) The SFPUC also received a Certificate of Honor as First Place Champion in the City's Combined Charities Campaign. Ms. Diane Parker, Communications Division, was recognized for her work as SFPUC's Campaign Coordinator.

President Normandy conveyed congratulations on these awards.

a) Budget Update

Ms. Martel stated an overview of the SFPUC budget was presented to the Budget Committee (BC) a week ago and announced that the budget was scheduled for a hearing before the BC on Wednesday, May 28, at 1:00 P.M. She informed the Commission she would apprise them on the outcome of the hearing in her General Manager's weekly update.

b) California Association of Sanitation Agencies Update

Ms. Martel informed the Commission she attended the California Association of Sanitation Agencies (CASA) conference held May 1–3, 2003. She was a speaker and gave an overview on the Capital Improvement Program (CIP) and the Sewer Master Plan.

c) Association of California Water Agencies Update

Ms. Martel and staff attended the Association of California water Agencies (ACWA) meeting May 7-9, 2003. Water supply issues were addressed and legislative briefings were presented on the Proposition 51 water bond.

d) Corps of Engineers Local Briefing

Ms. Martel spoke about continued meetings with some of the agencies in Sacramento, U.S. Fish & Wildlife Services, and others to talk about cooperation on projects and paving the way for smoother regulatory oversight.

e) Chamber of Commerce Water and Power Committee Meeting

Ms. Martel gave a presentation to the Chamber of Commerce's Water Committee on May 20. After the passage of November 2002's Proposition A, the Committee was formed to provide ongoing support to all of SFPUC's efforts. Ms. Martel was accompanied by Mr. Harlan Kelly, Jr., Assistant General Manager of Infrastructure,

Mr. Michael Carlin, Manager of Bureau of Systems & Strategic Planning, and Ms. Karen Kubick, Manager of Program Management Division. SFPUC spoke to the Committee about the recent actions of the Board of Supervisors (BOS) regarding the supplemental for the Capital Program, the funding of 47 projects, and all the ancillary items that were approved by the Board, including the Commercial Paper Program and amendments to the rent control ordinance. An update was also given about discussions on project labor agreements with the trades. SFPUC presented the Water Committee with packets of new brochures outlining the capital program, as well as discussed the new Oversight Committee and the progress being made in making appointments to this Committee.

Mr. Kelly discussed layoffs and hiring engineers and other staff related to the CIP. He has been working very closely with SFPUC Personnel Manager, Therese Madden and the Department of Human Resources (DHR) to insure that SFPUC is laying a smooth foundation for hiring staff as quickly as possible for the CIP.

Mr. Carlin updated the Committee on issues related to planning and environmental phases of projects and gave an overview of the recent meetings held with regulatory agencies.

Ms. Kubick presented a project update on the status of CIP projects. She spoke specifically about four projects that will begin later this year, the schedules and how revisions are being made to the schedules, all of which will be presented to the Commission for approval.

President Normandy requested Ms. Martel provide information to the Commission on what the components are in the project labor agreement sent by Mr. MacLachlan regarding BOS File No. 030877 urging SFPUC include social justice components in the project labor agreements. He complimented staff on their efforts to maintain a close dialogue with all stakeholders. Ms. Martel agreed to provide information to the Commission in her next weekly report to the Commission.

f) Lake Merced Update

Mr. Carlin stated the Coastal Conservancy Grant was awarded to Lake Merced Stewardship Project and Friends of Recreation and Park. They will act as fiscal agents.

Mr. Carlin explained the Lake Merced Task Force (LMTF) elected officers and the slate of officers was listed in his summary. He stated he would also respond to President Normandy's request for background information on the evolution of the LMTF and its current reformulation.

Mr. Carlin reported SFPUC applied for a Department of Water Resources Grant to install some saltwater intrusion wells. The wells would complement one at the zoo and one north along the waterfront. The grant was denied, but SFPUC would

continue, as part of the groundwater program, to install the saltwater intrusion wells over the next 12 to 18 months as part of the capital program.

Commissioner Costello asked if SFPUC needed to get permission from the two agencies for water additions and what the process was after the permission was obtained. Mr. Carlin responded that the SFPUC would add water and study groundwater levels.

Mr. Carlin gave a brief rundown on some Lake Merced issues. He reported SFPUC plans to make a status update report to the LMTF at their July 9 meeting. He also announced staff would be coming to the Commission in the future for a contract modification to extend the time and dollars for the EDAW consultant services contract. He reported there had been a mediation session regarding the Caltrout Petition and another one is scheduled for July 1. After the mediation session, a closed session item would be scheduled. His final report was that the Lake Merced Community Liaison position might be filled in the near future.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) Status Report on BAWUA

Mr. Art Jensen, BAWUA General Manager, reported on a number of programs BAWUA has been working on with the SFPUC.

CEQA Analysis – Mr. Jensen reported there are several analyses needed, as described by Mr. Carlin in the past. The projection of future demands and the potential for conservation and other reduction opportunities was relevant. He stated SFPUC staff has been conducting workshops that will have a positive outcome for the entire region.

CIP Revisions – Mr. Jensen stated SFPUC staff has been looking at revisions and BAWUA has joined in this effort and has been pleased there have been no surprises to date.

Financing the CIP – Mr. Jensen noted the financing was a critical part of the success of the CIP and that the SFPUC has a short-term plan which allows time for the suburban customers to get their plan underway.

Water Protection – Mr. Jensen explained legislation passed last year requires SFPUC to develop an Emergency Restoration Response Plan to protect the suburban customers between now and the completion of the system rebuild. BAWUA is working with SFPUC staff on this. He highlighted that BAWUA was continuing their conservation program (programs such as education, retail washing machine rebate, and large landscape turf audit). He stated 15 of the 28 BAWUA agencies participate in the conservation program and that BAWUA has a pending grant application for other conservation measures.

Mr. Jensen concluded by reporting that they have reformulated into the Bay Area Water Supply and Conservation Agency.

President Normandy thanked Mr. Jensen for his report and stated his appreciation for the developing closer working relationship between the SFPUC and BAWUA.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the items (a-f) listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 03-0097: Approve the plans and specifications for Contract No. CW-264, Pine Street Sewer Rehabilitation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
- b) Resolution No. 03-0098: Approve the plans and specifications for Contract No. CW-276, Sutter Street Sewer Rehabilitation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
- c) Resolution No. 03-0099: Approve the plans and specifications for Contract No. CW-312, Ashbury St./Frederick St./Woodland Ave./Willard St. Sewer Replacement, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
- d) Resolution No. 03-0100: Approve the plans and specifications for Contract No. WD-2309, HTWTP Pre-chlorination System Upgrade, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
- e) Resolution No. 03-0101: Approve the plans and specifications for Contract No. WD-2385, Half Moon Bay Meters Road Repairs, Phase 2, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids.
- f) Resolution No. 03-0102: Award Contract No. CW-335, 10th Avenue / Ortega Street / Oak Park Drive Sewer Replacement, in the amount of \$541,620 to JMB Construction, Inc.

Commissioner Caen requested that in the future, dollar amounts be listed on the Consent Calendar where applicable.

REGULAR CALENDAR

11. Public Hearing – To consider revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas.

Mr. William Laws, Financial Services Rate Administrator, asked that items 11 and 12 be considered concurrently. Mr. Laws reported that the staff study on water rates found that retail water rates should remain the same. This was based on the fact that rates can only be increased to cover debt service on voter-approved bonds or emergency costs. The study found that the annual revenue requirements for the fiscal year are expected to be \$164.6 million. After adding revenues from retail water sales (\$72.6 million), suburban resale water sales (\$77.7 million), and miscellaneous fees and charges and interest on invested funds (\$15.3 million), the total revenues available to meet the revenue requirement is \$165.6 million.

Mr. Laws explained that suburban revenues are \$20 million less (\$77.7 million) than the adjusted estimated suburban requirement of \$97.7 million. Because of this, staff recommended a suburban rate increase of 25.7% effective July 1, 2003. Mr. Laws distributed a revised schedule W-25 for the Commissioners, explaining it replaced one of the rate schedules in the staff report.

Commissioner Caen asked if suburban rates were raised last year. Mr. Laws replied that only retail rates were raised last year.

President Normandy called for public comment.

Public Comment:

Mr. Jensen stated the calculations conform with the Master Water Sales Contract provisions. The suburban areas consider this a hefty rate increase and are asking how these might be leveled out.

Moved by Commissioner Caen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0103: To consider and adopt a schedule of rates to be charged by the San Francisco Public Utilities Commission for retail water service in San Francisco and suburban areas to be effective with meter readings on or after July 1, 2003.

12. Public Hearing – To consider the water rate to be charged for Suburban Resale and Long Term Contract.

Vice President Bhatt stated his concern that the 25.7% increase would be a huge burden to the suburban customer.

Moved by Commissioner Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (3-1). Vice President Bhatt voted no.

Resolution No. 03-0104: To consider and adopt the water rate to be charged by the San Francisco Public Utilities Commission for Suburban Resale with Long Term Contract to be effective with meter readings on or after July 1, 2003.

13. Discussion and possible action related to Memorandum of Understanding with the California Energy Commission.

Moved by Commissioner Costello, seconded by Vice President Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0105: Approve a Memorandum of Understanding between the City & County of San Francisco (CCSF) and the California Energy Commission (CEC) to obtain support from the CEC for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and authorize the SFPUC and San Francisco Department on the Environment to administer and act as co-leads for this agreement between CCSF and the CEC.

14. Discussion and possible action related to reallocation of funds from CUW654 to CUW651 and CUW624. (Continued from meeting of May 13, 2003.)

Mr. Howard Fung, Senior Project Manager, reported on his findings to the questions asked by the Commissioners at the previous Commission meeting. The cost of the Merced Manor Project was raised at that time. He explained the increases were due to additional piping system work and seismic roof repair and coating work. The initial cost estimates at the beginning of design were \$3.8 million. After additional site visits and detailed inspections, the estimate was raised to \$5.5 million.

Commissioner Caen asked when SFPUC would be doing the work. Mr. Fung responded that the Sunset Reservoir North Basin Project is part of the CIP and will go into construction in 2005. This work should follow construction work at the Central Pump Station.

Moved by Commissioner Costello, seconded by Vice President Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0106: Approve the reallocation of funds, in the amount of \$4,200,000 from Project CUW654 – Seismic Rehabilitation North Basin Sunset Reservoir, to Project CUW651 – Pump Station Upgrades-CDD Master Plan (\$2,350,000), and to Project CUW624 – Reservoir Roofs / Seismic Upgrade (\$1,850,000).

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Contract No. HH-902. (Continued from meeting of May 13, 2003.)

Mr. Carlin presented an overview on the item, which included information on the current situation, project description, pictures, project benefits, CEQA issues and process, and the staff recommendation.

Mr. Carlin explained that water from O'Shaughnessy Dam could only be taken from the bottom of the Hetchy Hetchy Reservoir (HHR). Problems arise when the HHR is low or when fire or heavy rains bring a higher level of turbidity, resulting in the Safe Drinking Water Act standards being exceeded. The project involves an existing outlet in the dam. The existing outlet would have a 60-inch pipe connecting from the outlet into the canyon tunnel, which has a 108-inch pipe. By having valves in place on both ends, it could be operated in different ways. The project would allow for greater operational flexibility.

Mr. Carlin stated that timing was critical as the work is scheduled for a shutdown period already planned for the Priest Bypass Reservoir Project. He stated the shutdown has been planned for five years and that it was critical to maintain this schedule.

Mr. Carlin reported that the work would improve water quality, allow SFPUC to meet state and federal water quality standards, allow SFPUC to maintain its filtration exemption, improve operations, and allow water to be drawn from the "sweet zone." He stated the outside colors on the dam would be matched and that the project would also allow for a back up to the single source outlet that currently exists.

The City's Planning Department prepared a Mitigated Negative Declaration (MND), which was appealed to the Planning Commission and upheld. Currently, there is a direct appeal to the Board of Supervisors (BOS) from Restore Hetch Hetchy (RHH), which is scheduled for June 10. Staff is asking the Commission to adopt the CEQA document (with the MND) and award the contract to A. Ruiz Construction.

Public Comment:

Mr. Ron Good, Executive Director of RHH, asked that his comments of May 13 be incorporated into his comments today. He stated he was surprised that Mr. Carlin did not mention the increase in electric power generation (6 megawatts or 5% more power) resulting from the new pipe. Mr. Good explained that RHH has appealed the decision of the Planning Commission to the BOS. On the advice of RHH's attorneys, he asked two procedural questions: (1) How can the SFPUC act on this contract when the matter is on appeal before the BOS, and (2) If SFPUC decides to proceed with the contract, what are the procedural routes/avenues for organizations/the public to appeal decisions of the SFPUC.

Mr. Dennis Oliver, California Alliance for Jobs, stated that they are a non-profit labor management partnership that represents heavy construction contractors in Northern California and 50,000 unionized workers who are employed by these companies. He noted that they were key participants in the campaign to pass Proposition A and that this project, while not a Proposition A project, is an important system upgrade that would improve the quality of water and help SFPUC continue to meet and exceed water quality standards.

Mr. Winchell Hayward, retired SFPUC Hetch Hetchy Engineer, thanked the Commission for setting up a May 20 meeting with himself, Mr. Oral Moore, retired SFPUC Manager, and SFPUC engineers. He stated the most important point made by Mr. Moore at the meeting was that SFPUC money would be better spent in locating additional water sources instead of installing this pipe. Their hope is that even if SFPUC approves this contract, money would still be found for finding more water. Messrs. Moore and Hayward also disagreed on the existence of a turbidity problem. They countered that there was no proof that this would be a problem and therefore, was not an emergency so there should be no schedule to maintain. He further stated that if this project gets approved, a larger pipe should be used.

President Normandy thanked Mr. Hayward for his remarks and asked that responses to questions and issues be addressed at this time.

Mr. Josh Milstein, Deputy City Attorney, responded to Mr. Good's questions. On the first question, he stated that the SFPUC could act on this contract because there was a letter agreement with the contractor that states that the contract can end with no cost to the City if the two conditions are not met. On the second question, he replied there was no process for appealing a SFPUC contract.

Vice President Bhatt asked Mr. Carlin to explain the additional electricity megawatts to which Mr. Good referred. Mr. Carlin stated the information was misquoted and the actual amount is closer to .5 to 2 megawatts, which is considered a minor component to the project.

President Normandy asked Mr. Carlin to address the pipe size question raised by Mr. Hayward. Mr. Carlin responded that increasing the pipe size would result in SFPUC having to go back through the environmental process. From an engineering standpoint, there was agreement that 60 inches would be the largest pipe that could actually attach to the 108-inch pipe.

President Normandy next asked Mr. Carlin to answer the question regarding the incidence of turbidity. Mr. Carlin explained that turbidity was not an emergency today, but could be in a catastrophic event. He stated HHR was off for six weeks in 1997 because of high turbidity caused by heavy storms and rains that washed out the residual from a fire in the watershed. Since the system was off, water could only be drawn from the bottom and the bottom was turbid. He stated the system has also been affected by the low level of the Calaveras Reservoir, making SFPUC more dependent on the HHR system. Mr. Carlin stated the work is needed for operational flexibility to stay on line.

Vice President Bhatt asked if there was a way to compromise on enlarging the pipe size without having to go back through environmental review. Mr. Carlin answered in the negative.

President Normandy addressed the question raised about spending more money on locating additional water sources. He stated the Commission was concerned about increasing SFPUC water sources and gave this direction to the General Manager.

Commissioner Caen thanked Mr. Hayward for his comments and stated that she would like to raise the dam. She asked Mr. Carlin to review the advantages of the HH-902 project once again. Mr. Carlin answered the major benefit would be from a water quality perspective—the project would allow water to be taken from different locations in the HHR. He explained that most modern reservoirs have this ability, as do other SFPUC reservoirs. The project would also allow for operational flexibility with more than one outlet for water. He explained the cost would be low with two outlets, as this is SFPUC's major source of its highest quality water for customers.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0107: Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.

Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning.

Close

16. Discussion and possible action related to Contract No. CW-247.

Moved by Commissioner Caen, seconded by Vice President Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0108: Accept work performed for Contract No. CW-247, 5th Street Sewer Rehabilitation, approve Modification No. 1, (Final) decreasing the contract by \$145,766.69, for a total contract amount of \$575,553.31, and with a time extension of 40 consecutive calendar days for a total contract duration of 130 consecutive calendar days; and authorize final payment of \$80,565.62 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

17. Discussion and possible action related to Agreement No. CS-716.

Mr. Chris Nelson, Senior Program Manager for the Regional Water Project, stated the item was requesting Commission approval for the selection, negotiation, and execution of a conceptual engineering contract for restoring Calaveras Dam. Because the Dam has been found to be susceptible to seismic failure, the state has requested that storage capacity be reduced to a third of the reservoir's capacity—about 30%. Mr. Nelson explained that outside expertise was needed for the replacement restoration project because staff has not encountered this type of work for 40 years. SFPUC would need help with the project costs, the schedule, environmental review, and process/project coordination. The planning would include a scope to develop conceptual level engineering designs for dam repair and replacement alternatives and recommend a preferred alternative. Time and cost was expected to be about four years and \$4 million.

Mr. Nelson detailed the recent schedule for the contract as follows: (1) January 23 – Advertise RFP, (2) January 31 – Pre-proposal conference, (3 & 4) February 7 & 12 – Two site visits, (5) March 6 – Proposal deadline, (6) Review of proposals started immediately through a selection panel which short listed the four proposals to three, and (7) April 25 – Interviews of three finalists. The panelists evaluated the consultant teams based on qualifications and dam related experience and ranked URS as the highest rank bidder.

President Normandy requested staff appearing before the Commission use dark text on a white background for their presentations for ease of reading. He requested that reversed text on dark backgrounds not be used.

President Normandy asked Mr. Kelly to explain to the audience the departure from "lowest price most responsive bidder" to "highest rank responsive bidder." Mr. Kelly answered that professional services is a qualification-based selection process in which the chosen is the most qualified based on ranking. After ranking, whoever is highest, wins. Following this, negotiations are entered and then fees are determined.

Commissioner Caen asked if the General Manager could negotiate the scope of work in the budget for all the other phases of the project. Ms. Martel responded that discretion was provided to the Commission as a result of language that was in the RFP that would allow the Commission to extend to the successful responder to the RFP and who would be awarded the contract to continue forward with future phases of the agreement. She stated it was subject to the discretion of the Commission and the approval of the Commission for the General Manager then to negotiate further phases with URS.

Commissioner Caen asked about the overall cost of the project. Mr. Nelson answered it was \$150 million. Ms. Martel noted that this was the amount estimated in the CIP for the project. Commissioner Caen asked if this meant Part 2 was \$146 million. Ms. Martel answered affirmatively, with construction included.

Commissioner Caen asked for a list of the people who served on the selection panel. Mr. Kelly answered that in reviewing the concerns about the panel members, staff formulated about 10 scenarios with the ranking choices and questions, and URS was still ranked number one. He asked for permission to submit this to the Commission. Commissioner Caen stated this was standard procedure and is expected in the future.

Ms. Martel asked Mr. Kelly to list the members of the group. Mr. Kelly listed the following: Leo Bauer (SFPUC Water Supply & Treatment), Carolyn Chiu (SFPUC Program Management Bureau), Johanna Wong (SFPUC Program Management Bureau), Gilbert Tang (SFPUC Utilities Engineering Bureau), Jim Siminovich (Cal Water), and Gary Darling (East Bay Municipal Utilities District).

President Normandy stated the Commission had been lambasted in the press over the contract and asked for a response. Mr. Kelly replied that the conceptual plan for the project was developed from the preliminary engineering work. He stated there were volumes of comments on preliminary drafts and staff was involved in the development of the scope description.

Vice President Bhatt expressed concern that the newspaper article stated the contract was awarded before coming before the Commission and asked for an explanation. Mr. Kelly responded that the article implied that URS had the inside track for the conceptual engineering contract since they had the preliminary engineering contract. Staff was aware of this perception. Not wanting to lose any

bidders, staff consulted with the City Attorney regarding the appropriate protocol in this situation.

Ms. Martel asked Mr. George Wong, Deputy City Attorney, to come forward. Mr. Wong worked with staff on the project and explained the chronology of events. He stated there was urgency to get the study underway so the dam could be rehabilitated. The first question SFPUC presented was, if an as-needed contract for \$49,000 could be used for a small conceptual engineering contract. He answered affirmatively, as long as the consultant was qualified to do the work. He stated as-needed consultants are used for small contracts so months are not lost trying to find a consultant. URS was on board at the time the contract was available. The second question SFPUC presented was, if URS did the conceptual engineering design, were they precluded from going forth with subsequent phases of the contract. He stated the answer was, "it depends." Unless there was a clear conflict of interest, they could go forth. Traditionally, there are no restrictions on consultants to go forth in competing for future phases of work. Consultants would not want to work on small phases (early) of a project if it precluded them from doing further work on the project. This could drastically limit the pool of bidders on a contract. After the report was made, the report and all information generated by the consultant were made available to all the other bidders for the subsequent phase. The awkward problem was that some of the information was lifted verbatim and put into the RFP/RFQ. Since the scope of work was generic, this problem was not considered fatal. He stated all bidders had the opportunity to be aware that URS did the original report since their name was on it. He also stated the \$49,000 cost was proposed by URS. Mr. Wong further explained that consulting contracts of less than \$100,000 could be executed by the General Manager without Commission approval.

President Normandy expressed the verbatim lift of information was most unfortunate and suggested that this never be repeated again because of the potential for misinterpretation.

Commissioner Costello asked who the runner up was. Mr. Wong answered Montgomery Watson.

President Normandy asked about the dual nature of the resolution. Mr. Nelson stated this was done to move the contract forward as quickly as possible and a problem was not foreseen with continuing to work with a contractor who was performing well for the SFPUC.

Mr. Wong stated there could be a potential conflict if a consultant would try to select or recommend an option that was the most costly. Because there is a peer review to the process, the best option is chosen among the many submitted.

President Normandy requested that a process be attached to the second part of the resolution for the comfort of the Commissioners. He stated his respect for URS

and noted the need for a speedy process for Calaveras Dam. He stated it was important for the future to have a process. He commented it was important that all the issues be raised and heard for the public record. President Normandy called for public comment.

Public Comment:

Mr. Duane Reno, Local 21 representative, pointed out that the Administrative Code does not use the term "clear conflict of interest." Instead, it "prohibits preferential treatment in any bid or in preventing of any others being made." He stated the problem was that a contractor was awarded a \$49,000 as-needed contract, who then developed an RFP for which it was the most suited applicant. Eventually, this contractor would end up with \$150 million worth of work for a \$49,000 contract that never went out to bid. He stated Local 21 has problems with this process and asked the Commission to review the process for using as-needed contracts for preliminary engineering work.

Mr. Vitus Leung, Local 21 representative, asked that the Commission delay the staff recommendation, immediately investigate the process, and adopt rules to prevent this from happening again. He explained that Calaveras Dam represents the tip of the iceberg for the CIP and the SFPUC needs to be careful in how it conducts its business with regard to contracting and dealing with the outside engineering community. Mr. Leung asked if the Commission was approving a \$4 million contract or \$100 million. He expressed concern that it looks like a contractor can get into the SFPUC contracting door with a small contract and eventually negotiate it into a much larger contract through an unfair process.

President Normandy asked Mr. Wong and Mr. Nelson to reply to the questions raised during public comment.

Mr. Wong stated there were two issues: (1) A conflict of interest would be in going forward to a subsequent phase in a contract; the consultant selects the option that would benefit them, not the City. (2) Mr. Wong believes "preferential treatment" in this case was more of a competitive advantage. This usually arises in a government contract where one firm might have more information than the others. The insinuation being made was that the \$49,000 provided URS with more information than the other bidders. Mr. Wong and Mr. Nelson assured President Normandy that all available information was given to all bidders.

Vice President Bhatt asked how URS could automatically get the \$150 million contract. Mr. Wong replied that when a contractor starts working on a project and does a good job, it is expedient to continue using them for the remainder of the job. In this case, the presumption was that URS had been awarded the \$4 million contract and would subsequently receive the rest of the contract. Mr. Wong assured President Normandy that the resolution does provide the Commission with the ability to terminate the contract and not go forward. President Normandy

responded that it was important that emphasis be made that subsequent phases of the contract have to come back to the Commission.

Commissioner Caen asked a question about the \$150 million cost. Mr. Nelson explained that there had been a misconception on the costs. The conceptual engineering phase was budgeted at \$4 million. This would be followed by a design phase estimated between \$4-5 million. After that, the bulk of the work would be competitively bid with a general contractor or general engineering firm as a construction contract for about \$135-\$140 million. Mr. Wong further explained that Mr. Kelly stated the construction services would go out to bid and Mr. Nelson was only talking about \$10 million in professional services.

President Normandy thanked Messrs. Nelson and Wong for clarifying the issues. *He requested that the item be continued to allow staff to address the issues raised at this meeting. He requested staff report as plainly as possible the process that was followed and that there were no illegalities involved. He also wanted the record to show that: (1) the Commission was being asked to approve a professional services contract with URS not to exceed \$10 million, and (2) the Commission would bid out separately the rebuild construction of Calaveras Dam.*

Commissioner Costello agreed with the clarification and suggestion.

Ms. Martel stated that the current agenda item was clear about negotiating and executing a professional services agreement and wanted to comment about the statements made earlier implying a lack of integrity to the process. She explained that the integrity of SFPUC's processes are important and any perception otherwise could be detrimental to any future process. She noted that steps were already in place to ensure that this type of situation does not happen again.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to continue Item 17 to the next regular Commission meeting scheduled on June 10, 2003; passed (4-0) unanimously.

Staff Recommendation:	Approve the selection of URS Corporation for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and authorize the General Manager of Public Utilities to negotiate and execute a professional services agreement with URS Corporation to perform engineering services for the Calaveras Dam Project Conceptual Engineering for a contract amount not to exceed \$4,000,000 and a duration not to exceed forty-eight months from the Notice to Proceed. Authorize the General Manager of Public Utilities to negotiate the scope of work and budget with URS Corporation for subsequent project phases beyond project conceptual engineering at the sole discretion
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of the Commission. Should the Commission decide not to enter into a subsequent phase contract with URS, URS shall agree that the City shall not be liable.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

There were none.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Commission recessed at 4:02 PM and agreed to reconvene at 4:15 PM.

20. Conference with Labor Negotiator pursuant to Government Code Section 54957.6. (Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Legal Counsel John Roddy, and Commission Secretary Mary Y. Jung.

Name and title of City's negotiator: Patricia E. Martel, General Manager
Individual contract with the Assistant General Manager for Infrastructure,
Public Utilities Commission
Pursuant to Charter section 8B.126
All terms and conditions

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0109 (Supercedes Resolution No. 03-0095 from the May 13, 2003 meeting.)

Following the Closed Session, the Commission reconvened in open session at 5:00 P.M.

21. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Bhatt, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 5:01 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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10/07
Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

JUN 6 2003

≡ AGENDA REGULAR MEETING

SAN FRANCISCO
PUBLIC LIBRARY

June 10, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Budget Update
 - b) Suburban Reps Meeting
 - c) CIP Update (Kubick)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-353 Oceanside Water Pollution Control Plant Digester Overflow Sludge Hoppers New Protective Coating and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$103,000.
- b) Staff Recommendation: Accept work performed for Contract No. WD-2356 Harry Tracy Water Treatment Plant Re-Roofing, for a total contract amount of \$255,900.87 and maintain a retention balance of \$25,590.09 until the fascia panel damage repair work is completed by Pioneer Contractors, Inc.

REGULAR BUSINESS

10. Public Hearing – To consider adopting rules for the Residential Users Appeals Board. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.) (Vizcarra)

Staff Recommendation: To consider and adopt “Rules Providing for Appeals of the Department’s Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges” (Rules).

11. Discussion and possible action related to Water Supply Contract with North Coast County Water District. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to approve the First Addendum to Exhibit A of the Water Supply Contract between North Coast County Water District (NCCWD) and the City and County of San Francisco for the

purpose of extending NCCWD's service area boundary to provide potable water service to the new California Department of Transportation (CalTrans) maintenance facility to be located at the south portal of the new Highway 1 Devil's Slide Tunnel Bypass.

12. Discussion and possible action related to Legislative Program 2003. (Arena/MacLachlan)

Staff Recommendation: Approve Legislative Program for 2003, as described in the Government Affairs Plan.

PROFESSIONAL SERVICE CONTRACTS

Advertise

13. Discussion and possible action related to CS-727. (Berry)

Staff Recommendation: Authorize the General Manager Public Utilities to advertise and request proposals for CS-727, Commercial Paper Dealer Services, at an aggregate annual cost not-to-exceed \$200,000; receive proposals for said commercial paper dealer services; interview (if deemed desirable or necessary) and conduct a selection procedure to identify the best qualified firms to provide commercial paper dealer services; and negotiate and execute dealer agreements.

Award

14. Discussion and possible action related to Agreement No. CS-672I. (Carlin)

Staff Recommendation: Award EDAW-Talavera & Richardson-JV, with a professional services agreement to provide the necessary environmental review services for the New Crystal Springs Bypass (Polhemus) Tunnel, and authorize the General

Manager of Public Utilities to execute Agreement No. CS-672I, Assessment of New Crystal Springs Bypass (Polhemus) Tunnel, for an amount not to exceed \$303,086, and for a term of 25 months from the date of Controller certification.

15. Discussion and possible action related to Agreement No. CS-716. (Kubick)
- Staff Recommendation: Approve the selection of URS Corporation for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and authorize the General Manager of Public Utilities to negotiate and execute a professional services agreement with URS Corporation to perform engineering services for the Calaveras Dam Project Conceptual Engineering for a contract amount not to exceed \$4,000,000 and a duration not to exceed forty-eight months from the Notice to Proceed.
- Authorize the General Manager of Public Utilities to negotiate the scope of work and budget with URS Corporation for professional engineering services related to subsequent project phases beyond conceptual engineering subject to the discretion and approval of the Commission and with concurrence by the Civil Service Commission, for a contract amount estimated at \$6,000,000. Should the Commission decide not to enter into a subsequent phase contract with URS and instead initiate a competitive selection process, URS shall agree that the City will not be liable.
- Direct the General Manager of Public Utilities to assemble and retain the services of a Project Advisory Panel comprised of individuals with relevant technical expertise in fields related to dam design, construction and operation, to provide an independent review of the findings and recommendations made by URS Corporation in the conceptual engineering phase and, possibly, in subsequent professional engineering work phases, and advise the General Manager, staff and the Commission as to the validity and appropriateness of those recommendations for meeting project objectives.

Amend

16. Discussion and possible action related to Agreement No. CS-672C. (Carlin)
- Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute Amendment No. 1 to Agreement No. CS-672 C, the "Lake Merced Raised Water Level Assessment" dated August 2002 with EDAW/Talavera & Richardson. Amendment No. 1 will provide for a time-extension of six months and for a Fifty Thousand and 00/100 Dollar (\$50,000) increase in the contract amount.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

21. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: City of Sunnyvale, located off Manzano Way, .75-acre site adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(1).
(Stricker)

Anticipated Litigation: As defendant regarding issues related to award of CW-263R.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

24. Announcement following Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

June 10, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

JUL 17 2003

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:39 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused - Commissioner Ann Moller Caen
3. Approval of Minutes

There were no Minutes to approve.
4. Communications

President Normandy addressed receipt of a letter from Mr. Edwin Lee, Director of Department of Public Works (DPW), regarding DPW crews sweeping debris into SFPUC catch basins. He expressed gratitude for the response and reconfirmation that it was against department policy.

President Normandy acknowledged receipt of a letter from Congresswoman Nancy Pelosi regarding commemorating the four San Francisco victims from the September 11 tragedy. *President Normandy requested SFPUC staff pursue the matter with Congresswoman Pelosi's staff.*

President Normandy acknowledged receipt of a brochure "The Bay Area Water Agencies Coalition," from the Bay Area Water Agency for Conservation (BAWAC) and commended staff for their role in its publication.

President Normandy acknowledged receipt of a communication to the Commission from the Clerk of the Board of Supervisors (BOS) regarding the social justice components of future labor agreements. *President Normandy requested staff make the appropriate reply to the BOS Clerk that the Commission is in agreement with their recommendation and will pursue the matter in accordance with their request.*
5. Old/Ongoing Business by Commissioners

There was no discussion.
6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

a) Budget Update

Ms. Patricia E. Martel, General Manager of Public Utilities, stated she sent a detailed weekly report to the Commission regarding the budget update and reported on last week's budget hearing with the BOS's Budget Committee (BC). She explained the budget approved by the Commission was forwarded to the Mayor's Office where adjustments were made. It was then forwarded to the BOS's BC where recommendations for SFPUC budget cuts were made prior to budget hearings. From that point, further adjustments are made to finalize the budget before it goes to the BOS for adoption.

There were three items Ms. Martel felt warranted reconsideration by the BC. The first item was a recommendation by the Budget Analyst to increase the amount of salary savings in Water Pollution Control (WPC) resulting in unfilled vacant positions, as there would not be sufficient revenue to support the positions. The 1996-imposed rate freeze effected WPC and contributed to a decline of employee morale, serious safety considerations for employees, and a lack of staffing available for facility maintenance. Sufficient funding was requested to fill the vacant positions. Mr. Bill Keaney, WPC Manager, created a staffing plan that allowed filling 24 positions by the end of July. Ms. Martel made this argument to the BC and they concurred to restore the positions to the budget.

The second item was a recommendation by the Budget Analyst to eliminate funding for a lobbyist for SFPUC in Sacramento. It was argued it was a high priority because the SFPUC needs focused expertise in water-related issues to secure grants under Proposition 50. It is anticipated there will be more statewide water bonds placed on the ballot and SFPUC wants to be in a position to have an active role in identifying the needs that would be met by the water bonds and to receive funding. Ms. Martel presented this to the BC and they did concur there was a need for a lobbyist to work for projects suitable for Prop 50 funding and pressing CIP-related issues.

The third item was a recommendation by the Budget Analyst to reduce requested staffing to enhance the in-house communication staff. Four outreach coordinators were requested for the following: (1) Local CIP projects, (2) Regional CIP projects, (3) Power projects, and (4) Wastewater Master Plan. The Budget Analyst recommended cutting two of the positions. Ms. Martel stated that to be successful in conducting public outreach, stakeholder input and the environmental process, all four positions were needed. The BC concurred with the rationale.

In addition, the BC restored other positions previously approved by the Commission related to filling positions resulting from City layoffs. An additional 10 positions were added to SFPUC to fill critical needs.

Ms. Martel concluded that the SFPUC was successful overall this year as the BC supported the budget request and recognized all the challenges the agency is facing.

President Normandy thanked Ms. Martel for effectively communicating SFPUC needs to the BOS's BC. *He suggested a letter be written to the BC members expressing thanks and appreciation for their vision and leadership and have the letter signed jointly by him and Ms. Martel.* Ms. Martel stated she would prepare a letter as soon as possible.

b) Suburban Reps Meeting

Ms. Martel informed the Commission that a Suburban Representatives meeting had been scheduled to talk about a number of common interests with Bay Area Water Users Association (BAWUA) partners and their representatives. As the meeting was scheduled on the same day as the SFPUC Budget Hearing, the meeting was cancelled and rescheduled to July 10. A report to the Commission will be made following the meeting regarding the issues raised by the suburban representatives and steps to resolve the issues.

c) CIP Update

Ms. Karen Kubick, Director of the Program Management Bureau, stated the first CIP quarterly report was prepared under the leadership of Mr. Gerry Finn, new Program Controls Manager, and Mr. Surinderjeet Bajwa, Project Management Contract Manager, with contributions from all the project managers.

She stated the report contains the 77 local and regional projects that make up the Local and Regional Programs. It includes local and regional plan spending for the programs with details on each of the local and regional projects that make up those programs, including those that won't start for several years. She stated the critical information is the project descriptions which provide concise details on what the current project is, the schedule, the cost by phase, the work that has been accomplished to date, and any critical issues.

Ms. Kubick highlighted the report is different from the original CIP baseline in that 23 regional projects have started early, which is 1-8 years ahead of the baseline schedule. This does not change the overall critical path for the Regional Program, but starts the planning and environmental review early and development of programmatic strategies for the regional solutions that make the most sense. She stated there would be effects when planning and environmental review were finished that might effect design and construction dates, but would be contingent on the project at the close of environmental review. She noted the project start dates were indicated and that one regional project would start construction by the end of 2003-04. The Regional Program has a net-increase of \$3.1 million, subject to analysis of project alternatives and improvement of cost estimates.

Ms. Kubick stated the local projects summary is a different type of update because the Local Program has had significant work on facility assessment and sequencing. Many of the projects are related within the Local Program; 24 projects were moved up, 7 were unchanged and 9 were resequenced because priorities changed. She stated there was interest in jumpstarting the program and using now-available engineering resources. She complimented Mr. Howard Fung, Project Manager of the Local Program, for his creative ideas in moving the Local Program faster and with potential savings. The 24 projects moved up were an average of 10-58 months ahead of schedule and 6 projects will be in construction by the end of June 2004. The overall cost of the Local Program has not changed.

Ms. Kubick pointed out the S curve that shows the expenditures of the programs over time. The Regional Program has a build-up period starting with planning and development, which gets steeper during design, then becomes a running jump during construction, and declines at the end. The Local Program begins with a steeper start because prior work had been done as the projects had been prioritized and preliminary program planning had been done.

Ms. Kubick concluded this was their first effort on the quarterly report and that the plan is to do one every three months with monthly updates in between the quarterly reports to keep the Commission informed.

President Normandy thanked the team and commented that the quarterly report was precisely the type of open communication that is required to accomplish three objectives: 1) maintain public confidence in the agency's ability to do the work, 2) apprise the regional interests of progress made, and 3) convince stakeholders that SFPUC is committed to speed and savings throughout the CIP. He stated the format of the report was good and the clarity was sharp, and hoped they would continue to improve on it because the document would be used by stakeholders, regional interests and all parties that are keeping track of the CIP in terms of savings and speed.

Commissioners Chen and Bhatt concurred and thanked staff for a job well done.

President Normandy stated the Commission looks forward to monthly updates and quarterly reports and inquired if the report was available for interested parties. Ms. Kubick stated 50 copies were made for in-house distribution and would be available to the public on June 13.

8. Public Comments on matters not on today's agenda.

Mr. Paul Kangas, Biologist, stated he was in attendance to raise the issue and interest level of utilizing ultraviolet light for treatment of San Francisco water. He was not aware that SFPUC utilizes ultraviolet until staff informed him prior to the meeting. He felt the public probably didn't know this and felt they should be informed. Mr. Kangas shared a recent *San Francisco Chronicle* article that stated

pollution in California landfills from plastic water bottles is reaching epidemic levels. It was attributed to more people drinking bottled water because of not trusting tap water. He felt there is a need for more public education on what SFPUC is doing to make the water safer. He suggested educating the public about ultraviolet and its widespread use in Europe to further the cause of implementing ultraviolet technology.

President Normandy thanked Mr. Kangas for his handout. He stated SFPUC is doing everything it can to reach people about what the agency is doing. He expressed disappointment that there was an accusation in the handout that SFPUC secretly knows that its tap water causes cancer and suggested the discussion be kept neutral to come to a mutual understanding.

Mr. Kangas cited an article from New York State in which the state is trying to deal with the chlorine and fluorine issue because it is believed the elements cause cancer in the New York state water system. He conjectured that one of the reasons the public is drinking more bottled water is from a fear of water causing cancer.

President Normandy stated the Commission had no objection to him expressing his opinion.

CONSENT CALENDAR

9. Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the items (a-b) listed under the Consent Calendar; passed (4-0) unanimously.
 - a) Resolution No. 03-0110: Approve the plans and specifications for Contract No. CW-353 Oceanside Water Pollution Control Plant Digester Overflow Sludge Hoppers New Protective Coating and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$103,000.
 - b) Resolution No. 03-0111: Accept work performed for Contract No. WD-2356 Harry Tracy Water Treatment Plant Re-Roofing, for a total contract amount of \$255,900.87 and maintain a retention balance of \$25,590.09 until the fascia panel damage repair work is completed by Pioneer Contractors, Inc.

REGULAR CALENDAR

10. Public Hearing – To consider adopting rules for the Residential Users Appeals Board.

Ms. Marge Vizcarra, Manager of Customer Services, stated the proposed rules would establish procedures for reviewing and deciding sewer flow factor appeals submitted to the SFPUC by residential customers. The purpose of the proposals is to improve the sewer service appeals process by clearly defining the elements of the process, the respective roles and the responsibilities of the departments and the Residential Users Appeals Board (RUAB), and also defining the formulas to be applied in determining the sewer service flow factor. The proposals were developed with the assistance of the City Attorney's Office and RUAB members. The issues raised by RUAB members were addressed and amicable resolutions were identified and included in the proposals. She stated Mr. Ratner, RUAB member, was unable to attend today, but asked her to express his full support of the proposals.

President Normandy stated the agenda item and supporting documents were clear and comprehensive and acknowledged the work it took to achieve this. He was pleased to know that a RUAB member was in full concurrence and asked if the other members were also. Ms. Vizcarra stated they were.

President Normandy stated for the record there was unanimous agreement from the RUAB members and staff that the set of rules be adopted as the guiding principles from this point forward. Ms. Vizcarra concurred.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0112: To consider and adopt "Rules Providing for Appeals of the Department's Determination of Wastewater Volume for Purposes of Assessing Sewer Service Charges" (Rules).

11. Discussion and possible action related to Water Supply Contract with North Coast County Water District.

Moved by Commissioner Chen, seconded by Vice President Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No 03-0113: Authorize the General Manager of Public Utilities to approve the First Addendum to Exhibit A of the Water Supply Contract between North Coast County Water District (NCCWD) and the City and County of San Francisco purpose of extending NCCWD's service area boundary to provide potable water service to the new California Department of Transportation (CalTrans) maintenance facility to be located at the south portal of the new Highway 1 Devil's Slide Tunnel Bypass.

12. Discussion and possible action related to Legislative Program 2003.

Ms. Suzanne Arena, Manager for Government Affairs (GA), introduced Mr. James MacLachlan, the new Manager for GA who handles local issues. She stated they were presenting the Legislative Program for 2003, which outlines the goals for GA and the specific agendas at the federal, state and local government levels, including some recommendations. The Government Affairs Plan (GAP) was first adopted by the Commission in March 2002. She stated this was the 2003-2004 update and that it is their intention to update the GAP annually.

Ms. Arena stated the key functions of GA are: (1) to act as a liaison between the federal, state and local government agencies and the SFPUC, and (2) to provide the Commission with the information and analysis to make informed public policy decisions.

She recapped the activities of 2002: (1) efforts were made to fund the Calfed Program in Washington, D.C., (2) passage of the Hetch Hetchy water bills at the state legislature, and (3) approval of Proposition A by the local voters. Additionally, a new GA manager was hired.

Ms. Martel departed the meeting at 2:12 P.M.

The changes in 2002 inspired updating the GAP to reflect the current realities being faced. Ms. Arena highlighted the changes in the GAP that are different from what was previously approved: (1) GA decided to convene an SFPUC Legislative Advisory Committee (LAC) for staff to discuss legislation pending before the BOS, the State Legislature or in Congress, (2) GA is focusing on education and internally will start a GA newsletter to keep staff informed of all the legislative developments that are ongoing, (3) GA wants to use an abbreviated GAP externally as a communications tool for elected officials, staffers and other stakeholders who are interested in the legislative priorities with which SFPUC is dealing, and (4) GA divided the GAP between key issues and monitoring and tracking issues to ascertain where time is being focused.

Federal

Ms. Arena referred to the federal update distributed to the Commission prepared by Mr. Daryl Owen, SFPUC Washington, D.C. Legislative Lobbyist. For the public's benefit, she briefly recapped his update.

One of the key issues SFPUC faces is a permitting task force as there will be a lot of pressure on the SFPUC to deliver the CIP on time and on budget. It is anticipated there could be significant delays at the permitting phase. Meetings with federal regulatory agencies have begun regarding funding positions in their agencies devoted to issuing permits and doing consultations for CIP projects. If positive feedback from the federal agencies is received, SFPUC will go to

Congress and ask for authorization to have the positions funded to have the joint permitting task force.

Congress is addressing comprehensive electricity legislation. At this time, it would not effect SFPUC operations as SFPUC serves municipal load, but it will be watched carefully.

Ms. Martel returned to the meeting at 2:14 P.M.

U.S. Senator Dianne Feinstein and U.S. Senator Barbara Boxer introduced a Calfed funding bill this year that will be heard in California in the next month and will be watched carefully.

State

Ms. Arena reported that SFPUC's highest priority this year is AB 1051 – the Capital Facility Fee Bill. She stated the Attorney General is posed to oppose the bill and that SFPUC is working with his office to determine if there is an amendment that would remove the concern. The bill is presenting more difficulties on the Senate side than in the Assembly. The bill will be heard on June 18 and June 25.

California is considering electricity unstructuring and undoing some of the decisions made in 1996 when the electricity market was deregulated. This would affect investor-owned utilities, but not the SFPUC. Municipals are supporting the legislation. The important issue to SFPUC would be community aggregation.

Proposition 50 was approved by the voters in November 2002 and the Legislature was tasked with determining how to implement the programs and where to spend the money. SFPUC is watching the issue closely.

Local

Mr. MacLachlan addressed the key issues on the local level. The top item was the potential rate adjustments. Proposition E created a Rate Fairness Board (RFB) tasked with the mission of reviewing and making recommendations to SFPUC on the final rates to adopt and forward to the BOS. SFPUC will be working closely with the RFB to arrive at a solution mutually satisfactory to everyone.

Another important item was the energy reliability projects. Sites in the City for the four peaker plant turbines are being investigated. The State deadline to find the sites is the end of the calendar year. SFPUC is working closely with the community doing outreach, education and receiving input from concerned neighborhoods and environmental justice interest groups to meet the tight timeline.

He stated the Clean Water Master Plan would serve as the basis for any potential bond measure that goes before the voters to fund the Clean Water portion of the

CIP. Proposition E also created the Citizens Advisory Committee (CAC), expected to be a large body with broad City representation. SFPUC will be working closely with the CAC and neighborhood and interest groups to come up with a plan satisfactory to everyone.

Mr. MacLachlan stated some of the potential initiatives being considered in the next year through the LAC are a gray water ordinance and a recycled water ordinance. He concluded his report stating that a long-term strategy is being mapped out for GA to be proactive and take initiative in pursuing the interests of the SFPUC and ratepayers.

President Normandy commended Ms. Arena and Mr. MacLachlan for their work, proactive endeavors and projected annual updates of the GAP.

Moved by Commissioner Chen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0114: Approve Legislative Program for 2003, as described in the Government Affairs Plan.

PROFESSIONAL SERVICE CONTRACTS

Advertise

13. Discussion and possible action related to CS-727.

Moved by Commissioner Costello, seconded by Vice President Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0115: Authorize the General Manager of Public Utilities to advertise and request proposals for CS-727, Commercial Paper Dealer Services, at an aggregate annual cost not-to-exceed \$200,000; receive proposals for said commercial paper dealer services; interview (if deemed desirable or necessary) and conduct a selection procedure to identify the best qualified firms to provide commercial paper dealer services; and negotiate and execute dealer agreements.

Award

14. Discussion and possible action related to Agreement No. CS-672I.

Moved by Commissioner Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0116: Award EDAW-Talavera & Richardson-JV, with a professional services agreement to provide the necessary environmental review services for the New Crystal Springs Bypass (Polhemus) Tunnel, and authorize the General Manager of Public Utilities to execute Agreement No. CS-672I, Assessment of New Crystal Springs Bypass (Polhemus) Tunnel, for an amount not to exceed \$303,086, and for a term of 25 months from the date of Controller certification.

15. Discussion and possible action related to Agreement No. CS-716.

Ms. Kubick stated the item was presented at the May 27th meeting in which Mr. Chris Nelson, Senior Project Manager, gave an overview of the technical issues and the urgency for the project. Issues were raised at that meeting to be addressed at today's meeting. One of the issues the Commission raised was why as-needed contracts were being used for the preliminary engineering. Ms. Kubick stated the reason it was done was because of the urgency of time, the procurement cycle, and because it was a short-duration need for which expertise was needed quickly to find where the problem was, ascertain it, and move forward. City Attorney oversight was sought for the case of using an as-needed contract.

Another issue raised was how the conceptual engineering work scope was put together. Ms. Kubick stated some of the technical data developed in the first preliminary engineering report was used, and additionally, staff and the Department of Safety of Dams contributed to the technical scope of work that was contained in the RFP. The scope that was in the RFP was basic and was looking for the selection of an expert consultant experienced with dam design in California, which is a narrow group of consultants.

Another issue was the results of the fairness of the selection process. Ms. Kubick stated staff carefully followed the procedures and consulted with the City Attorney throughout the process, which is standard protocol. The prospective and interested proposers were all made aware and given copies of work that had been done previously. All proposers had the same information. Ms. Kubick noted that project-specific criteria were dropped from the selection, meaning it wasn't a matter of how much information people knew about the specific dam or specific project, but how much experience they had in dam design in California and broad experience in general.

Another point requiring clarification was about the cost. Ms. Kubick stated the cost for the conceptual engineering was \$4 million. She further stated, in the event that the Commission elected to move the contract to the next phase to approve it to design, it would be an additional \$6 million—for a total of \$10 million for professional services assistance for conceptual engineering and design. She clarified that the project total cost for the construction and all the soft costs was

\$150 million. She stated that amount would not be related to the professional services contract dollar amount.

Ms. Kubick stated the Program Management Bureau reviewed how to approach future RFPs. It was determined to emphasize clearly if it is a professional services contract or a construction contract. It was also determined to make the costs clear at the time an RFP is advertised. Additionally, there would be no project-specific criteria included within the selection process—it would be broad. Ms. Kubick stated they want talent to come and contribute to the CIP and don't want to limit the field. She concluded that approval is being sought to be able to move on the project because time is critical and they want to get started on the replacement of the Calaveras Dam.

Commissioner Costello acknowledged that staff did a lot of work since the last meeting when issues were raised and did an outstanding job in clarifying them.

Ms. Kubick credited Mr. Nelson and his staff for all their work.

Commissioner Bhatt stated he was pleased the misunderstandings had been made clear; in particular, the issue of the \$4 million contract versus the \$6 million contract and the project total cost of \$150 million.

Commissioner Chen commended staff for their fine work in clarifying the issues. He further commented on the issue of scrutiny with URS, stating his opinion it was not a good idea on the professional engineering contract for \$6 million to go ahead without an open bid again. Commissioner Chen suggested it was advisable to bid the \$6 million.

President Normandy called for public comment.

Public Comment:

Mr. Vitus Leung, Local 21 representative, commented on the staff recommendation, stating Local 21 seeks a fair and equitable consulting selection process that encourages all qualifying engineering firms to compete for work the Local 21 civil service classification cannot perform. This would eliminate comparative advantages and any perceived conflicts of interest. He stated Local 21 is interested in making sure that SFPUC-represented employees are involved in the decision-making process and are provided meaningful work assignments in all phases of the CIP projects from initial planning to project completion. Local 21 is pleased that City Engineer Harlan Kelly, Jr. is responsible for the CIP and confident he will deliver the program on time and on budget. He stated Local 21 further discussed their issues with Mr. Kelly since the last meeting and came to an understanding. Their understanding is that the Commission would only be asked to approve \$4 million today to select a conceptual engineering consultant and that all future phases of the project may be competitively put out. He stated he agreed with

Commissioner Chen regarding the future phases of the contract and that Local 21 expects the Commission and the Civil Service Commission to put the work out and competitively bid it.

President Normandy thanked Mr. Leung for his comments and all the parties that addressed the issues raised by the Commission, the press and the public. He asked Mr. Leung, if he agreed that the issues had been worked out and that the \$4 million contract could be moved on.

Mr. Leung responded yes, but stated he agreed with Commissioner Chen that future phases of this and other work should be competitively bid out.

President Normandy called for the Human Rights Commission (HRC) representative to give comments for the record relating to an HRC memorandum received today regarding this issue.

Mr. Lome Aseron, HRC Contract Compliance Officer, stated after the last Commission meeting on May 27, the HRC Director asked him to look into the issues raised at the meeting. He stated Chapter 12-DA of the San Francisco Administrative Code authorizes the HRC to look into matters of issues of bias or unfairness in the contracting process. He stated that what he sent today to the Commission and General Manager's Office was a preliminary summary of their inquiry.

President Normandy stated he understood the HRC memo indicated the contract and project are approved by HRC, but that Mr. Aseron raised some questions that were pertinent to future procedures and processes. He asked the Commissioners if they understood that the HRC approves what has occurred to date and what is before the Commission to approve today. He clarified that the questions Mr. Aseron raised were for further corrections that might be done in the open bid process. Mr. Aseron concurred.

President Normandy stated the Commission would address the resolution as presented to them and asked the Commissioners if the issues raised in open session at the previous meeting had been satisfactorily addressed.

Commissioner Chen stated he had one issue with the resolution regarding URS helping to prepare the scope of work and budget for the next phase. He asked if this would present the same problem in the next go around if URS were the winning bidder on that project.

Ms. Martel responded that language was included in the recommended Commission action that clarifies how the issue of future work related to this particular project would be addressed. Language was added that indicates that the decision to authorize future work to URS would be subject to the discretion and approval of the Commission and concurrence of the Civil Service Commission.

She stated the Commission retains the discretion not to award any additional work to URS in any subsequent phase of the contract and instead to direct staff to initiate an RFP process allowing other potential responders to submit a proposal to the SFPUC. Ms. Martel stated a Project Advisory Panel will be assembled to review the work completed by URS in the first phase and to make a recommendation about subsequent engineering work that could be awarded. She stated the ultimate decision is at the discretion of the Commission.

President Normandy stated the Commission was in agreement with Commissioner Chen's proposal to tighten up the process. He stated he had no objection to the "WHEREAS" statements in the resolution, or on the first and third "RESOLVED" statements, but asked for the Commissioners' and General Manager's thoughts on the second "RESOLVED." He posed the possibility of addressing it separately and removing it from the resolution. He understood the HRC, the CSC, the union, and SFPUC staff supported the \$4 million, but that the \$6 million warranted further discussion. He asked staff if making the minor amendment of deleting the second "RESOLVED" would affect the process.

Ms. Kubick stated it would not affect the schedule, but would require an earlier approval.

President Normandy inquired if any problems would be created by amending the resolution, noting that Commissioner Caen was absent and had expressed some concerns. Ms. Martel stated concurrence with amending the resolution. President Normandy called for a motion to approve the amended resolution to remove the second "RESOLVED."

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution as amended; passed (4-0) unanimously.

Resolution No. 03-0117: Approve the selection of URS Corporation for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and authorize the General Manager of Public Utilities to negotiate and execute a professional services agreement with URS Corporation to perform engineering services for the Calaveras Dam Project Conceptual Engineering for a contract amount not to exceed \$4,000,000 and a duration not to exceed forty-eight months from the Notice to Proceed.

Authorize the General Manager of Public Utilities to negotiate the scope of work and budget with URS Corporation for professional engineering services related to subsequent project phases beyond conceptual engineering subject to the discretion and

approval of the Commission and with concurrence by the Civil Service Commission, for a contract amount estimated at \$6,000,000. Should the Commission decide not to enter into a subsequent phase contract with URS and instead initiate a competitive selection process, URS shall agree that the City will not be liable.

Direct the General Manager of Public Utilities to assemble and retain the services of a Project Advisory Panel comprised of individuals with relevant technical expertise in fields related to dam design, construction and operation, to provide an independent review of the findings and recommendations made by URS Corporation in the conceptual engineering phase and, possibly, in subsequent professional engineering work phases, and advise the General Manager, staff and the Commission as to the validity and appropriateness of those recommendations for meeting project objectives.

Amend

16. Discussion and possible action related to Agreement No. CS-672C.

Moved by Commissioner Chen, seconded by Vice President Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0118: Authorize the General Manager of Public Utilities to negotiate and execute Amendment No. 1 to Agreement No. CS-672 C, the "Lake Merced Raised Water Level Assessment" dated August 2002 with EDAW/Talavera & Richardson. Amendment No. 1 will provide for a time-extension of six months and for a Fifty Thousand and 00/100 Dollar (\$50,000) increase in the contract amount.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Vice President Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

President Normandy recessed the meeting at 2:43 P.M.

The Public Utilities Commission met in Closed Session at 2:58 P.M. to discuss the following matters:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Commission Assistant Secretary Janet Elliott, SFPUC Real Estate Services Manager Gary Dowd, Deputy City Attorney Joshua Milstein, and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of South San Francisco, at the corner of El Camino Real and Chestnut Ave., approximately 8+ acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

No action was taken.

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Commission Assistant Secretary Janet Elliott, SFPUC Real Estate Services Manager Gary Dowd, Deputy City Attorney Joshua Milstein, and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of Fremont, between Canyon Heights Rd. and Deer Rd. near Niles Canyon, approximately 7.5 acres.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

No action was taken.

21. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Commission Assistant Secretary Janet Elliott, SFPUC Real Estate Services Manager Gary Dowd, Deputy City Attorney Joshua Milstein, and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of Mt. View, running between Whisman Rd., approximately 7 acres adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

No action was taken.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Commission Assistant Secretary Janet Elliott, SFPUC Real Estate Services Manager Gary Dowd, Deputy City Attorney Joshua Milstein, and Bruce Lymburn – Wendel, Rosen, Black and Dean Attorney's at Law.

Property: City of Sunnyvale, located off Manzano Way, .75-acre site adjacent to pipeline r/w.
Parties Negotiating: Dowd/Lymburn
Under Negotiation: Terms and conditions

No action was taken.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(1). (Stricker)

Present were President Normandy, Vice President Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Legal Counsel Donn Furman, Commission Secretary Mary Y. Jung, Commission Assistant Secretary Janet Elliott, SFPUC Construction Engineering Manager Boon Lim, SFPUC Project Manager Manfred Wong, SFPUC-WPC Engineer Jon Loiacono, and Deputy City Attorney Teresa Stricker.

Anticipated Litigation: As defendant regarding issues related to award of CW-263R.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:38 P.M.

24. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Chen, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:38 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

≡ AGENDA
REGULAR MEETING

DOCUMENTS DEPT

JUN 20 2003

SAN FRANCISCO
PUBLIC LIBRARY

June 24, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager (Martel)
 - a) Dental Mercury Reduction Program (Medbery)
 - b) AWWA Briefing
 - c) Assembly Bill 1051 Update
 - d) Grand Jury Reports
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) First Meeting of the Bay Area Water Supply & Conservation Agency Report (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2401, Calaveras Valve Lot Upgrade, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$850,000.
 - b) Staff Recommendation: Approve the plans and specifications for Contract No. WP-24, Red Mountain Bar Valve Bypass and Generator Building, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$223,000.
 - c) Staff Recommendation: Approve the rejection of all bids for Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. CW-263R2, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, to receive and evaluate bids. The engineer's estimate is \$3,470,000
 - d) Staff Recommendation: Award Contract No. WD-2365, Mariposa, Mississippi, Tennessee, 18th and 19th Streets 8-Inch Ductile Iron Main Installation, in the amount of \$630,508 to A. Ruiz Construction, Inc.
 - e) Staff Recommendation: Accept work performed for Contract No. CW-331, Diamond / Jersey / Vicksburg Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$25,107.50, for a total contract amount of \$224,697.50, and authorize final payment of \$22,469.30 to Harty Pipelines, Inc.

REGULAR BUSINESS

11. Discussion and possible action related to State Coastal Conservancy Grant. (Naras)

Staff Recommendation: Approve terms of an agreement with the State Coastal Conservancy (SCC) for a grant not to exceed \$125,000.00, and authorize the General Manager of Public Utilities to execute said agreement with the SCC and obtain authorization from the Board of Supervisors to accept grant funding from the SCC.

LEASES AND PERMITS

12. Discussion and possible action related to sale of land in San Mateo County to California Department of Transportation. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the sale of approximately 1,926.80 square feet, along with approximately 731.95 square feet already approved pursuant to SFPUC Resolution 01-0127, of City land under the jurisdiction of the San Francisco Public Utilities Commission, located along the east side of Route 280 between Route 92 and Edgewood Road, San Mateo County, to the State of California, Department of Transportation for the purpose of repairing a slip out.

13. Discussion and possible action related to sale of utility easements to Peter and Bernadette Naughton. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the vacation and sale of 6 utility easements under the jurisdiction of the San Francisco Public Utilities Commission, located on Lot 1, Block 2864 in the City of San Francisco, to Peter and Bernadette Naughton for the sum of \$136,000.00.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. WP-23. (Dunn)
- Staff Recommendation: Award Contract No. WP-23, O'Shaughnessy Camp Domestic Water System Improvements, in the amount of \$499,223.00 to Mitchell Engineering.
15. Discussion and possible action related to Contract No. HH-902. (Cael)
- Staff Recommendation: Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.
- Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning, as upheld by the Board of Supervisors upon appeal on June 24, 2003.

Close .

16. Discussion and possible action related to Contract No. CW-227. (M. Wong)
- Staff Recommendation: Accept work performed for Contract No. CW-227, Southeast Water Pollution Control Plant, Booster Pump Station Upgrade; approve Modification No. 3 (Final) increasing the contract by \$356,019 for a total contract amount of \$5,797,371, and with a time extension of 54 consecutive calendar days for a total contract duration of 634 consecutive calendar days; and authorize final payment of \$323,695 to Millard Tong Construction Co.
17. Discussion and possible action related to Contract No. CW-287. (J. Wong)
- Staff Recommendation: Accept work performed for Contract No. CW-287, Mary/Third/Fremont/Freelon Streets Sewer Replacement, approve Modification No. 1 (Final), decreasing the contract by \$49,917.45, for a total contract amount of \$712,187.55, (and with a time extension of 24 consecutive calendar days for a total contract duration of 68 consecutive calendar days; and authorize final payment of \$94,761.45 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action related to Agreement No. CS-672 H. (Medbery)

Staff Recommendation: Approve the selection of the LSA Associates, Inc. (LSA) and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 H, Peninsula Watershed Habitat Conservation Plan (HCP). The services under this agreement shall be provided for a total budgeted amount not to exceed \$900,000 and a term of thirty months from the date of Controller certification.

19. Discussion and possible action related to Agreement No. CS-724. (Hollenbacher)

Staff Recommendation: Award PB Power, Inc. a professional services agreement to provide engineering design and consulting services to support power plant licensing, and provide technical expertise in gas turbine power plant design for Agreement No. CS-724, Architect-Engineering Design and Consulting Services, and authorize the General Manager of Public Utilities to execute a professional services agreement with PB Power, Inc. for an amount not to exceed \$750,000, and with a duration of 36 months.

20. Discussion and possible action related to Agreement No. CS-725. (Hollenbacher)

Staff Recommendation: Award CH2M HILL a professional services agreement to provide specialized environmental, consulting and power plant licensing services, for Agreement No. CS-725, Environmental Consulting Services and authorize the General Manager of Public Utilities to execute a professional services agreement with CH2M HILL for an amount not to exceed \$1,500,000 and with a duration of 36 months.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

23. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)
Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.
24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)
Existing Litigation: Farmers Insurance Company as Subrogee for K. Savitskaya
Claim No. 03-03461
25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)
Existing Litigation: Antonio R. Beltran / Cesar R. Fumar, Esq.
Claim No. 03-01252

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

26. Announcement following Closed Session.
27. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

MINUTES

JUL 17 2003

June 24, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present – Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused - President E. Dennis Normandy

Vice President Bhatt officiated the meeting in President Normandy's absence.

3. Approval of Minutes

There were no Minutes to approve.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen inquired on the status of the Communications plan. Ms. Patricia E. Martel, General Manager of Public Utilities, stated the plan was undergoing revisions at this time.

6. Introduction of New Business by Commissioners

Commissioner Caen brought to Ms. Martel's attention that it is was formerly a practice for every Commissioner to go on tours of all the facilities and take a helicopter trip over the Bay Area lands. She was not sure if all the Commissioners had taken the tours and felt it was a good way for gaining a broad vision of the vastness of the operation.

Commissioner Caen requested information on each of the 12 reservoirs in San Francisco to include: 1) the reservoir's status, 2) the reservoir's maximum capacity, and 3) how the reservoirs are utilized. She wanted the status of the San Francisco reservoirs readdressed as she understood they were for San Francisco use only, but was informed they are used for regional and San Francisco needs.

Vice President Bhatt inquired what the criteria for awarding professional services contracts is. Ms. Martel stated there is a formal process. Requests for Proposals (RFPs) are issued. Submitted RFPs are reviewed to determine if they meet the scope of work. A panel comprised of inside staff and outside parties interview the candidates that meet the scope of work. After the interview, they are rated and scored by teams and a selection is made.

Vice President Bhatt stated there were rumors circulating that some contractors were getting whatever they want and other contractors have difficulties. He expressed the concern that all contractors be provided for fairly. Ms. Martel stated she would investigate incidents regarding contractor selection if they were brought directly to her attention. She would review the details, make a determination and take corrective measures, as necessary.

Vice President Bhatt took the Agenda out of order to meet in Closed Session.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

There were none.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Costello, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:49 P.M. to discuss the following matters:

23. Threat to Public Services or Facilities (Government Code Section 54957):
(Clayton)

Present were Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Acting Assistant General Manager of Operations Cheryl Davis, SFPUC Program Manager of Water Supply and Treatment Paul Mazza, SFPUC Emergency Planning Coordinator John Rodgers, Sheriff Deputy Sgt. Scott Erdmann, Damon S. Williams Associates Principal Damon S. Williams, Damon S. Williams Drinking Water Program Director Dale Newkirk.

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Farmers Insurance Company as Subrogee for K. Savitskaya, Claim No. 03-03461

Resolution No. 03-0119

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: Antonio R. Beltran / Cesar R. Fumar, Esq.,
Claim No. 03-01252

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No: 03-0120

Following the Closed Session, the Commission reconvened in open session at 2:33 P.M.

26. Announcement following Closed Session.

Vice President Bhatt announced the actions taken during Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Costello, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

President Bhatt proceeded with the Report of the General Manager on the Agenda.

7. Report of the General Manager

- a) Dental Mercury Reduction Program

Mr. Steve Medbery, Manager of Bureau of Environmental Regulation and Management, introduced Dr. Donna Hurowitz, San Francisco Dental Society (SFDS); Dr. Tom Trapp, California Dental Association (CDA); and Ms. Debbie Raphael, San Francisco Department of the Environment (SFDOE).

Mr. Medbery gave an informational presentation on SFPUC's Dental Mercury Reduction Program to reduce dental mercury discharges to sewers. The presentation covered SFPUC's role in the wastewater permit process established in the Clean Water Act (CWA). He talked about mercury with respect to dental offices, SFPUC partnerships with SFDS, CDA, and SFDOE, and an overview of the permitting strategy for dental offices.

The CWA established a permit program that regulates what water pollution control plants can discharge into surrounding waters. The San Francisco Bay is listed as impaired for mercury; therefore, the limit SFPUC can discharge has become more stringent. SFPUC's permit requires a pretreatment program that also regulates what customers can discharge to sewers and requires the reduction of mercury discharges to sewers. The local discharge standard for mercury in the pretreatment program is a 50-part per billion limit.

National research has confirmed that dental offices are a source of mercury to wastewater. Mr. Medbery noted that hospitals and human waste are sources of mercury and that hospitals are already permitted and human waste is considered uncontrollable. In dental offices, mercury comes from amalgam fillings that are an alloy composed of mercury, silver, tin, copper and zinc—mercury being the largest fraction. Fillings are placed or removed in dental offices. Residual amounts of amalgam particles end up entering the sewers and then go to treatment plants, or to local waterways or biosolids. The best solution is to capture the particles and recycle them or properly dispose of them.

Mr. Medbery stated SFPUC has worked in partnership with the dental associations for years. In 1997, they jointly published a best management practice guidebook entitled "Never Down the Drain" which consisted of voluntary pollution measures for dental offices. The last permit issued has more stringent requirements and SFPUC realized a permitting approach with the dental offices needed to be taken to meet the new standards.

Since the beginning of the year, the partners have been meeting regularly. Constructive work has developed an effective program. He commended the dental organizations for their expertise and commitment to environmentally responsible practice. SFDOE provided information and resources for the program in support of their priority of reducing mercury in the environment.

The process came up with a permit strategy of two compliance options for dental offices. Option A would require effective implementation of best management practices coupled with installation of amalgam separation equipment and would not

require self-monitoring. Option B would require effective management of best management practices and self-monitoring to demonstrate compliance with the local limit. Most dentists are expected to choose Option A.

The program timeline was provided: (1) September 30, 2003 permit packages would be sent to all dental offices, (2) December 31, 2003 is the due date for statements from dentists on the option they plan to implement, (3) January 1, 2005 is the date by which all offices are expected to be in compliance. He stated the plan was to implement the program with existing staff resources. He stated they would stay abreast of recent knowledge on the subject through other organizations that have implemented similar programs.

Commissioner Caen asked how the program would be monitored. Mr. Medbery stated there would be written submissions to SFPUC as part of the permitting process and that during the life of the permit, inspection staff would make visits to dental offices. He stated dentists choosing Option A would be under less scrutiny.

Commissioner Caen asked if the program was being well received by dentists. Mr. Medbery stated they had been very cooperative.

Vice President Bhatt thanked the dental groups for their partnership with SFPUC, their attendance at the meeting, and for supporting the cause.

b) AWWA Briefing

Ms. Martel attended the American Water Works Association (AWWA) conference last week in Southern California. Ms. Martel, along with other general managers and public information officers from across the country from various-sized agencies, was asked to participate on a panel about utility leadership. The purpose of the forum was for general managers to identify current and future issues in the water industry and how municipal utilities are facing those issues. The public information officers were asked to participate on the panel to address how the issues could be communicated more effectively to customers and how stronger stakeholder relationships could be established through more effective communication.

The general managers from Tampa Bay Water, Arlington Texas Utility, Columbus Water Works and SFPUC were asked in advance to identify the top 5 issues they face today. Despite the differences between the utilities, the panel members came up with similar issues.

The number one issue everyone identified was the age of infrastructure and meeting infrastructure needs. Other issues were: (1) enhancing the performance of utilities internally among staff and operations to provide a higher level of value to customers and a more efficient and effective operation; (2) developing human resources in utilities and providing more expansive training for staff to build the

skills necessary for operating in the utility business in the future; and (3) recognizing the importance of succession planning and training for staff as the aging workforce across the country needs to prepare for the future and ensure there are staff ready to take up senior level responsibilities.

Issues concerning the future were: (1) changing environmental regulations, water quality regulations and how utilities would be able to deal with that, and (2) applying technology in water utilities and the costs associated with implementing more extensive technology.

Of interest was the discussion on how public information officers would provide feedback to general managers about effectively communicating these issues to stakeholders. One of the recommendations made by the public information officers was to regularly communicate on a monthly basis with the customers through water bills. This would familiarize them on an ongoing basis about what the agency is doing. The suggestion came out of a survey conducted by several utilities among water user customers. The survey findings showed the public feels more comfortable with the safety of their system if they have constant feedback and information about the system; i.e., work being done, progress of work, status of projects, etc. The survey indicated people have a lack of confidence in their public utilities without that type of information and are not willing to support efforts to improve infrastructure and will question rate increases when they are unfamiliar with what the utility is doing.

Ms. Martel concluded her report stating, SFPUC needs to do a better job at actively communicating and that the conference provided some good ideas on many levels for the SFPUC to work on implementing as the agency moves forward.

c) Assembly Bill 1051 Update

Ms. Martel reported the recent success on AB 1051. The bill, undertaken by Assemblywoman Jackie Goldberg with cosponsorship from the City of Los Angeles, the East Bay Municipal Utilities District and SFPUC, pertains to the Capital Facilities Fees. On June 18, AB 1051 was heard in the Senate Local Government Committee and was approved on a 5-2 vote to move it through the legislative process. This success occurred despite the Attorney General's opposition to the legislation. The next step for AB 1051 is for it to be heard in two separate policy committees—the first being on July 9 in the Senate Education Committee. SFPUC will have representation to speak to the issue and offer testimony.

d) Grand Jury Reports

Ms. Martel stated this week's agenda packet contained two Grand Jury Reports (GJR) received on June 19. One GJR, entitled "Keep the Faucets Flowing: Water

Emergency Preparedness in San Francisco," was specific to the SFPUC and related to its water system. The other GJR was related to the City-wide Emergency Response System. Ms. Martel focused her comments on the SFPUC report.

The Grand Jury (GJ) interviewed Ms. Martel, a number of staff and Commissioners earlier this year. The GJ traveled throughout the system to interview staff in many locations to generate the information in the GJR. The purpose was to examine the state of SFPUC's water emergency preparedness. In-depth information was provided to the GJ. In reviewing the GPR, Ms. Martel stated she believed it was accurate and reflected the information provided by staff. Her report highlighted the four GJ recommendations.

- 1) The SFPUC should implement the Water Risk System Reduction Plan recommended by Lawrence Livermore National Laboratory Vulnerability Assessment. *SFPUC concurs with the recommendation and has been establishing a priority list for implementing the recommendations.*
- 2) The SFPUC should create a plan for equitable water distribution to San Francisco residents and its wholesale customers, whether manmade or natural disaster limits the system's capability to meet all of the needs of both. *SFPUC, in conjunction with wholesale customers, is developing an Emergency Recovery Response Plan for implementation.*
- 3) The City should develop a plan for providing water from alternative sources for emergency water outages and publicize the need for citizens to store water in their homes. *SFPUC is identifying alternative sources of water; recycled water is being investigated; and the possibility of purchasing desalination equipment to address the needs for water in an emergency is being investigated. Work needs to be done on effectively publicizing the need for the public to have 3 gallons of water per person stored in each household for emergencies.*
- 4) The auxiliary water supply system used for fire fighting purposes should be repaired and extended to provide the maximum access to sources of nonpotable water for fire fighting and emergencies. *SFPUC has been working with the San Francisco Fire Department on this issue and the GJ recommended that both agencies have a joint project to expand the system.*

Ms. Martel concluded that the information contained in the GJR would be used to implement changes. She stated SFPUC concurred with the recommendations and had been moving forward to implement them before receiving them because of their importance.

Vice President Bhatt thanked staff for attending the AWWA conference and getting educated on the issues in an effort to improve the SFPUC.

Ms. Martel acknowledged Karen Kubick, Howard Fung and staff members for making an excellent presentation in an AWWA preconference workshop on infrastructure and asset management. Staff also attended sessions and got many good ideas about things to work on at SFPUC.

Before Ms. Martel departed for the Board of Supervisors (BOS) meeting to address the O'Shaughnessy Dam Improvements, she informed the Commission and public of Ms. Delores Red's untimely passing. She stated her funeral was held today and many staff, who worked with Delores for years at the SFPUC and other City departments, were present to pay their respects to Delores and her family and to remember her contributions.

Ms. Martel was excused from the meeting at 3:04 P.M. to attend the BOS meeting. Mr. Bill Berry, Assistant General Manager of BizServ, presided in Ms. Martel's place.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) First Meeting of the Bay Area Water Supply & Conservation Agency Report

Mr. Art Jensen, General Manager of Bay Area Water Supply & Conservation Agency (BAWSCA), requested that the title of his report on the agenda be changed to the BAWSCA report to reflect the new agency rather than BAWUA.

Mr. Jensen stated that BAWSCA had their first board meeting on June 19. All but 2 of the 28 members on the board, comprised of 16 cities, 10 water districts and 2 private utilities, were present. Actions taken were the election of Ira Ruskin, Councilman of Redwood City, as Chair and Bern Beechum, Councilman of Palo Alto, as Vice Chair. A number of administrative items were conducted. A presentation on the challenges facing BAWSCA was given addressing what BAWUA did in the past and what the work before BAWSCA is now.

Following the presentation, Chairman Ruskin initiated several items. He suggested forming an advisory committee of 9 members from the Board of Directors. He recommended a cross section of board members to serve on the committee. The individuals on the committee were to be named within the next few days. The Board named Mr. Jensen as Acting General Manager and Acting Secretary to enable him to sign their letters and communicate with SFPUC officially.

Mr. Jensen gave an analogy to address the status of BAWUA. He stated it was like a relay race—where BAWUA was in the position of passing on the baton to the next entity, that being BAWSCA. He stated BAWSCA has policy control over what BAWUA does and BAWUA has to answer to them. He stated the mechanics are still being conducted and managed by BAWUA on behalf of the new organization, but that this would change by December 2003.

Mr. Jensen stated the Board would eventually be meeting on a quarterly basis, but in the initial phase, would be meeting monthly to conduct briefings and immediate business items. He concluded that the Board looks forward to addressing its challenges.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the items (a-e) listed under the Consent Calendar; passed (4-0) unanimously.
- a) Resolution No. 03-0121: Approve the plans and specifications for Contract No. WD-2401, Calaveras Valve Lot Upgrade, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$850,000.
 - b) Resolution No. 03-0122: Approve the plans and specifications for Contract No. WP-24, Red Mountain Bar Valve Bypass and Generator Building, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$223,000.
 - c) Resolution No. 03-0123: Approve the rejection of all bids for Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, and authorize the General Manager of Public Utilities to re-advertise the contract as Contract No. CW-263R2, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, to receive and evaluate bids. The engineer's estimate is \$3,470,000
 - d) Resolution No. 03-0124: Award Contract No. WD-2365, Mariposa, Mississippi, Tennessee, 18th and 19th Streets 8-Inch Ductile Iron Main Installation, in the amount of \$630,508 to A. Ruiz Construction, Inc.
 - e) Resolution No. 03-0125: Accept work performed for Contract No. CW-331, Diamond / Jersey / Vicksburg Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$25,107.50, for a total contract amount of \$224,697.50, and authorize final payment of \$22,469.30 to Harty Pipelines, Inc.

REGULAR CALENDAR

11. Discussion and possible action related to State Coastal Conservancy Grant.

Mr. Joseph Naras, Water Supply & Treatment, stated the item was for the construction of restrooms associated with the Bay Area Ridge Trail through a grant with the State Coastal Conservancy to SFPUC.

Commissioner Caen asked if it was for immediate construction. Mr. Naras stated temporary restrooms were erected but that the permanent restrooms through the grant would give better capacity, better protection of water quality and protection for sanitary purposes. He stated it was always the intention to build permanent restrooms and to obtain a grant to provide funding. He stated the trail was being phased in starting in August with limited access of 3 events per week.

Commissioner Caen asked if the trail was 12 miles. Mr. Naras stated it would be 9 miles.

Commissioner Caen asked if 6 restrooms were needed. Mr. Naras stated 6 restrooms were needed with 2 restrooms at the 2 trailheads and the other 4 along the trail, approximately 2 miles apart, to meet the need and demand. He stated the initial trail opening would be a 4-mile length of trail due to environmental mitigation work being done on the north end of the trail and that the eventual trail would be 9.5 miles long in one direction. He stated events of longer duration, such as a near 20-mile outing, would designate the need.

Commissioner Caen inquired if it would only be 4 miles. Mr. Naras stated the initial trail upon opening would be 4 miles one way, 8 miles roundtrip and that the final trail would be the entire length of the 9.5 miles watershed one way, 19 miles roundtrip.

Commissioner Caen stated she was not arguing with the \$125,000 grant, but thought 6 restrooms for 9 miles was a lot, and that if there were fewer restrooms, the money could be used elsewhere. Mr. Naras stated 6 was not too many and that the restrooms would serve as a benefit to the public, to water quality protection, and for reduction in maintenance costs as porta-potties require weekly maintenance and permanent restrooms require monthly maintenance.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0126: Approve terms of an agreement with the State Coastal Conservancy (SCC) for a grant not to exceed \$125,000.00, and authorize the General Manager of Public Utilities to execute said agreement with the

SCC and obtain authorization from the Board of Supervisors to accept grant funding from the SCC.

LEASES AND PERMITS

12. Discussion and possible action related to sale of land in San Mateo County to California Department of Transportation.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0127: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the sale of approximately 1,926.80 square feet, along with approximately 731.95 square feet already approved pursuant to SFPUC Resolution 01-0127, of City land under the jurisdiction of the San Francisco Public Utilities Commission, located along the east side of Route 280 between Route 92 and Edgewood Road, San Mateo County, to the State of California, Department of Transportation for the purpose of repairing a slip out.

13. Discussion and possible action related to sale of utility easements to Peter and Bernadette Naughton.

Moved by Commissioner Chen, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0128: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the vacation and sale of 6 utility easements under the jurisdiction of the San Francisco Public Utilities Commission, located on Lot 1, Block 2864 in the City of San Francisco, to Peter and Bernadette Naughton for the sum of \$136,000.00.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. WP-23.

Ms. Karen Kubick, Manager of Program Management Bureau, stated the contract would provide domestic water to O'Shaughnessy Camp and the chalet and that chlorination, screening and piping would be part of the installation. No protests were received on the item, the MBE/WBE on the contract was exceeded, and Mitchell Engineering (ME) was to be awarded the contract.

Vice President Bhatt called for public comment.

Commissioner Costello requested to make comment before public comment. He asked if anyone from ME was present. [No one responded.] He requested that the Minutes reflect that ME did not appear at today's meeting.

Public Comment:

Mr. Larry Mazzola, Jr. and Mr. Larry Lee, Local 38 Plumber's Union – San Francisco, stated they were present to speak against Item 14 and awarding it to ME. He stated ME had disregarded the jurisdiction of Local 38 Plumber's Union in the past and continues to do so by using laborers to put in piping. He noted the contract item calls for the removal and installation of piping, which is plumber's work. For the record, Mr. Mazzola stated ME had been tagged by the Office of Labor Standards Enforcement (OLSE) for not paying the prevailing wage because of paying laborer's rates and not plumber's rates.

Mr. Lee further stated that ME had, in the past, been a signatory to the plumber's union for generations. He stated one of the Mitchells opened his own business and hires laborers and doesn't employ plumbers.

Vice President Bhatt called for staff to address public comment.

Mr. Harlan Kelly, Assistant General Manager of Infrastructure, stated he heard Local 38's concerns. He offered that information could be provided to ME about sub-plumbing and a person from OLSE could be assigned to oversee that the trades are appropriately accounted for. He stated monitoring and making sure ME pays the prevailing wage could be offered at this time.

Commissioner Caen asked if the question of whom ME was using for plumbing could be addressed ahead of time to ME.

Commissioner Costello stated Local 38 had attempted to meet with ME. He stated ME had 3-4 laborers doing plumbing work and Local 38 offered to take the laborers into Local 38, resulting in the same work crew for ME. ME did not accept. Commissioner Costello stated a meeting was necessary with both ME and A. Ruiz as Local 38 has a judgment against their use of laborers. He declared he would abstain from the vote.

Mr. Kelly stated he understood ME was trying to perform the plumbing work themselves. He asked if the item could be continued and offered to work out something between the parties.

Commissioner Caen stated she would like to make a motion to continue the item to the call of the Chair.

Commissioner Chen seconded the motion. He suggested staff formalize the complaints in writing for the Chair and that it be given to ME. He stated ME should have a chance to respond to the accusations.

Commissioner Costello stated this was why he asked if ME was present. He reiterated that a meeting was needed.

Commissioner Chen advised staff to prepare a written letter explaining to ME what happened and that at the suggestion of the SFPUC it would be advisable for Local 38 and ME to meet together.

Moved by Commissioner Caen, seconded by Commissioner Chen, to continue Item 14 to the call of the Chair; passed (3-0) unanimously. Commissioner Costello abstained.

Staff Recommendation: Award Contract No. WP-23, O'Shaughnessy Camp Domestic Water System Improvements, in the amount of \$499,223.00 to Mitchell Engineering.

Vice President Bhatt took the Agenda out of order stating Item 15 would be heard after the BOS took action on it at their meeting today.

Close

16. Discussion and possible action related to Contract No. CW-227.

Moved by Commissioner Costello, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0129: Accept work performed for Contract No. CW-227, Southeast Water Pollution Control Plant, Booster Pump Station Upgrade; approve Modification No. 3 (Final) increasing the contract by \$356,019 for a total contract amount of \$5,797,371, and with a time extension of 54 consecutive calendar days for a total contract duration of 634 consecutive calendar days; and authorize final payment of \$323,695 to Millard Tong Construction Co.

17. Discussion and possible action related to Contract No. CW-287.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0130: Accept work performed for Contract No. CW-287, Mary/Third/Fremont/Freelon Streets Sewer Replacement, approve Modification No. 1 (Final), decreasing the contract by \$49,917.45, for a total contract amount of \$712,187.55, (and with a time extension of 24 consecutive calendar days for a total contract duration of 68 consecutive calendar days;) and authorize final payment of \$94,761.45 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

18. Discussion and possible action related to Agreement No. CS-672 H.

Moved by Commissioner Chen, seconded by Commissioner Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0131: Approve the selection of the LSA Associates, Inc. (LSA) and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 H, Peninsula Watershed Habitat Conservation Plan (HCP). The services under this agreement shall be provided for a total budgeted amount not to exceed \$900,000 and a term of thirty months from the date of Controller certification.

19. Discussion and possible action related to Agreement No. CS-724.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0132: Award PB Power, Inc. a professional services agreement to provide engineering design and consulting services to support power plant licensing, and provide technical expertise in gas turbine power plant design for Agreement No. CS-724, Architect-Engineering Design and Consulting Services, and authorize the General Manager of Public Utilities to execute a professional services agreement with PB

Power, Inc. for an amount not to exceed \$750,000, and with a duration of 36 months.

20. Discussion and possible action related to Agreement No. CS-725.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0133: Award CH2M HILL a professional services agreement to provide specialized environmental, consulting and power plant licensing services, for Agreement No. CS-725, Environmental Consulting Services and authorize the General Manager of Public Utilities to execute a professional services agreement with CH2M HILL for an amount not to exceed \$1,500,000 and with a duration of 36 months.

Vice President Bhatt recessed the meeting at 3:36 P.M. before hearing Item 15.

Vice President reconvened the meeting at 3:58 P.M.

Ms. Martel returned at 3:59 P.M.

15. Discussion and possible action related to Contract No. HH-902.

Vice President Bhatt noted that a word was missing from the last WHEREAS on the first page of the Resolution on Item 15. *He requested that the word "before" be inserted in the blank space.*

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (3-0) unanimously. Commissioner Costello abstained.

Resolution No. 03-0134: Award Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, in the amount of \$3,243,550 to A. Ruiz Construction.

Adopt the CEQA findings required to assure implementation of the mitigation measures required by the Mitigated Negative Declaration approved by the Department of City Planning, as upheld by the Board of Supervisors upon appeal on June 24, 2003.

There being no further business to discuss, the meeting was adjourned at 4:01 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL (415) 554-3155 • FAX (415) 554-3161



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GENERAL MANAGER

The Regular Meetings of the San Francisco Public Utilities Commission scheduled for July 8, 2003, and July 22, 2003, have been cancelled.

The July 8th meeting is rescheduled for
Monday, July 14, 2003 at 10:00 A.M. in City Hall, Room 416.

The July 22nd meeting is rescheduled for
Tuesday, July 29, 2003 at 1:30 P.M. in City Hall, Room 400.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

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AGENDA SPECIAL MEETING

JUL 10 2003

SAN FRANCISCO
PUBLIC LIBRARY

July 14, 2003
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the May 13, 2003 Regular Meeting
 - b) Minutes of the May 27, 2003 Regular Meeting
 - c) Minutes of the June 10, 2003 Regular Meeting
 - d) Minutes of the June 24, 2003 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Pilarcitos Creek (Mangold)
 - b) Sunol Temple Update (Naras)
 - c) Budget Update
 - d) Congressional Field Hearing – House Subcommittee on Water Resources and the Environment
 - e) Performance Assessment Update
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Award Contract No. CW-277, Chestnut/Octavia/Broadway Streets Sewer Replacement, in the amount of \$333,635 to JMB Construction, Inc.

REGULAR BUSINESS

10. Discussion and possible action related to Ms. Enola Maxwell. (Martel)
Staff Recommendation: Approve resolution commemorating and honoring the life and achievements of Ms. Enola Maxwell, Commissioner on the Southeast Community Facility Commission.
11. Discussion and possible action related to security policies, practices and resource allocation. (DeGraca) (Continued from meeting of May 13, 2003.)
Staff Recommendation: Adopt policy guidelines to establish system security as a priority in SFPUC operations, construction, business services and planning.

CONSTRUCTION CONTRACTS

Award

12. Discussion and possible action related to Contract No. HH-907. (Laramendy)
- Staff Recommendation: Award Contract No. HH-907, Holm Powerhouse Generators 1 and 2 Rehabilitation, in the amount of \$ 4,808,465 to GE Hydro Power Inc.
13. Discussion and possible action related to Contract No. WP-23. (Kelly)
(Continued from meeting of June 24, 2003.)
- Staff Recommendation: Award Contract No. WP-23, O'Shaughnessy Camp Domestic Water System Improvements, in the amount of \$499,223 to Mitchell Engineering.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement No. CS-721. (Arena)
- Staff Recommendation: Authorize the General Manager of Public Utilities to reject all bids received for Agreement No. CS-721, legislative representation and advocacy services for the General Manager's Office, and readvertise the Request for Proposal for ten (10) days in the Washington Post and ten (10) days in the San Francisco Independent.

Amend

15. Discussion and possible action related to Agreement No. CS-658. (Arena)
- Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment No. 3 to Agreement No. CS-658, Legislation Representation and Advocacy Services with the Palmetto Group, to increase the agreement by \$45,833 for a total budgeted amount not to exceed \$664,583, and extend the term for 2 additional months to September 30, 2003.

16. Discussion and possible action related to Agreements No. CS-670 A, B, C, D, and E. (Medbery)

Staff Recommendation: Approve Amendment No. 2 to Agreements No. CS-670 A, B, C, D and E, BERM As-Needed Environmental Services, with Baseline Consultants, Camp, Dresser McKee, Inc., Kennedy/Jenks Consultants, Olivia Chen Consultants, and Weiss Associates respectively, to extend the period of each contract for six months, and authorize the General Manager of Public Utilities to execute these six month time extensions, for a total term of 2.5 years each.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Margolis/Roddy)

Existing Litigation: University of California, Hastings v. CCSF (Superior Court No. 997-534);
University of California, San Francisco v. CCSF (Superior Court No. 311-005);
University of California, Hastings v. CCSF (Superior Court No. 400-550);
University of California, San Francisco v. CCSF (Superior Court No. 324-662)

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Property: Sunol Valley Golf Course
Parties Negotiating: CCSF – Dowd/Milstein
Under Negotiation: Lessee – Sunol Valley Golf Course
Prices and Terms

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Blanche R. Murray, Claim No. 03-02682

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO Public Utilities Commission

7/14/03 Minutes SFPUC Commission

Willie L. Brown, Jr.
MAYOR

MINUTES**SPECIAL MEETING**

July 14, 2003
1:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 10:04 A.M.

2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Jeffrey A. Chen

Excused - Commissioner Robert J. Costello

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the Minutes of the May 13, 2003 Regular Meeting, the May 27, 2003 Regular Meeting, the June 10, 2003 Regular Meeting, and the June 24, 2003 Regular Meeting; passed (4-0) unanimously.

4. Communications

President Normandy referred to a letter received from the City of San Carlos addressed to the General Manager regarding a plan to expand their existing trail system. *He requested the General Manager or staff respond to the Chair of the Parks & Recreation Commission and provide copies to the Commission.*

Ms. Patricia E. Martel, General Manager of Public Utilities, stated she would respond and recalled the letter contained a request for a meeting with either the Commission President or herself, or both of them. She asked President Normandy if he would like her to meet with the San Carlos representatives or if both of them should attend the meeting. President Normandy stated he would attend the meeting.

5. Old/Ongoing Business by Commissioners

Commissioner Caen inquired as to the decision made for the conversion project and the Priest Reservoir Bypass.

Ms. Martel responded that the potential ramifications of the project were still being analyzed at this time. She stated a number of scenarios were being considered for completing the chloramine conversion prior to the Priest Reservoir Bypass, but thought that the analysis was insufficient related to risks associated with moving forward. She stated she did not want to put customers at risk. Communications to the public began in January 2003, regarding completion of the conversion in the fall. She expressed concern that if the fall commitment were not met, it would deliver the wrong message to the public. She also stated concern about potential operational risks. She stated she met with the BAWSCA board last week and advised them there would be a definitive decision made by August 15 about moving forward on schedule or waiting until February 2, 2004 to begin the conversion. She informed the Commission she would advise them when the decision is made.

President Normandy raised the matter of SFPUC's Recycled Water Plan and communications related to it. He hoped staff could prepare some preliminary outreach materials for stakeholders.

Ms. Martel stated part of the plan for community outreach and involvement in the Recycled Water Plan was to include it in the Citizen's Advisory Committee (CAC) to be

established under Proposition E. She stated SFPUC has a proposal that she would be reviewing with Board of Supervisors Member Tom Ammiano to implement the CAC. It is proposed that the CAC would establish subcommittees—one for water, one for sewer, and one for Hetch Hatchy Water & Power (HHWP). The subcommittees would invite a broad array of community stakeholders to review the issues the subcommittee is examining. The subcommittees would make recommendations through the CAC to Ms. Martel and the Commission on the Recycled Water Plan.

President Normandy responded that it was a reasonable approach, but requested that because recycled water has been an issue for some time that it be put on the "front burner." He asked if there would be any delays in the process.

Ms. Martel stated the recycled water project was not far enough along in the planning to establish a community input process at this time. She stated it is a high priority, but because focus has been placed on preliminary planning for the environmental process of the Capital Improvement Program (CIP), the Recycled Water Plan is next on the list. She stated the plan is for SFPUC to host community meetings with an outline of the plan. She stated she would apprise the Commission on the development of the plan.

President Normandy stated a delay would not be caused by the CAC formation. Ms. Martel agreed.

President Normandy urged that an integrated communications plan related to the Environmental Impact Reports (EIR) for the Capital Improvement Program (CIP) projects be prepared for SFPUC stakeholders.

Ms. Martel stated Communications had a draft plan related to the CIP that had been developed by a consultant working with staff. Mr. Harlan Kelly, Assistant General Manager of Infrastructure, has reviewed it. To develop and refine the communication plan, SFPUC staff and the consultant have integrated the work, as the task will eventually be in staff's domain when there is no longer a consultant. She stated the communications plan was very comprehensive. Related to the plan, a database of all the stakeholders to be used as an outreach tool has been developed by in-house staff. At this time, the process requires refinement and determining task assignments.

President Normandy suggested three key staff needed to be in synchronization with each other in communicating with the stakeholders: 1) Mr. Harlan Kelly of CIP, 2) Mr. Phil Kohne of Water Infrastructure Partners (WIP), and 3) Mr. Michael Carlin of Strategic & Systems Planning. Ms. Martel concurred.

6. Introduction of New Business by Commissioners

President Normandy stated he noticed media coverage on City cell phone usage and the articles were critical of cell phone costs and usage. He asked the General Manager to let the Commission know if the SFPUC was one of the problem departments. Ms. Martel replied that regular reports were received from City departments about phone usage and the policy allowed staff to use cell phones for personal use with the understanding that they reimburse the City. She stated bills were sent to staff regularly and it was their responsibility to review them and reimburse the City for any personal calls. She

stated she would take a look again at the policy and expenditures to make sure they were in line.

Vice President Bhatt suggested that staff revisit the City cell phone plans and look for special discounted rates.

Commissioner Caen noted that today the Commission was in receipt of the report "SFPUC: First Review of Its Professional Services Agreement with WIP" from the CCSF Office of the Controller-Audits Division and was dismayed at some of the criticisms made and the evaluation scores given. She stated that many of the points made seemed routine. Ms. Martel responded that she would be prepared to report on the review in the future, stating it could be done in her weekly update to the Commission. *Commissioner Caen requested that it be done orally in a meeting for public record. Ms. Martel stated it would be presented at the August 12th meeting.* President Normandy stressed the importance of looking forward to solutions, not rehashing the problems.

7. Report of the General Manager

a) Pilarcitos Creek

Ms. Martel reviewed a presentation on the Pilarcitos Creek from Mr. Keith Mangold, Chair of the Pilacitos Creek Advisory Committee, and felt it would be useful for the Commission. Pending Mr. Mangold's arrival, the Pilarcitos Creek report was taken out of order to move on to other agenda items.

b) Sunol Temple Update

Mr. Joseph Naras, Manager of Water Supply & Treatment Division (WST), presented an electronic slideshow "Sunol Temple Update," beginning with a chronological summary of the Sunol Water Temple (SWT).

SWT, designed by Mr. Willis Polk, was built in 1910 by the Spring Valley Water Company. In 1989, the historic landmark was damaged structurally during the Loma Prieta earthquake, resulting in the temple and surroundings being closed to public access due to unsafe conditions. In 1996, SFPUC authorized the SWT restoration and seismic improvement study to learn what was necessary to restore the site and allow public access. SFPUC approved the restoration plans in 1997 and in 1998 the Utilities Engineering Bureau (UEB) began the restoration. The construction and restoration proceeded from 1997-2000 with a completion celebration in September 2000. SWT was reopened to the public in January 2001. The seismic upgrade totaled \$2.8 million.

Mr. Naras apprised the Commission of the next steps for the SWT. He stated there had not been problems with opening it to the public and recommended that the public access program continue. He stated Phase 1 was the SWT and grounds restoration. Phase 2 would be improvements along Temple Road and Alameda Creek. He stated the "Sunol and Landscape Plan" was written as part of the Alameda Creek Watershed Management Plan to address Phase 2, and includes a preliminary outline of various options and improvements such as parking, restrooms, and an interpretive visitor's center.

Mr. Naras stated that grant and other funding would be investigated for future improvements. He stated there was \$133,000 available to proceed with plans and improvements to the SWT and grounds surrounding it and that the WST had an as-needed contract in place for proceeding with the plans. He concluded that WST would develop budget proposals in the next budget cycle for funding the plans for SWT. He availed himself to the Commission for questions.

President Normandy asked if the current public traffic warranted additional expenditures or moving into the other phases that were initially planned. Mr. Naras replied that traffic was not a problem. He explained that fencing had been put up around the Sunol yard for security purposes and the roadway had been upgraded.

President Normandy clarified his question and asked if there were enough visitors to require additional funding for the proposed educational center and extra security measures. Mr. Naras replied that this type of expenditure would not be warranted as much by the current volume of traffic as it would be by the Commission's desire to provide further information and outreach to the public. Mr. Naras stated some improvements were needed, such as parking. He explained the current parking lot was meant to be a temporary lot used during construction and was to be replaced with a lot that had better drainage. He stated that sanitary improvements were also needed, but were costly. The site currently has temporary toilets.

President Normandy remarked that the Commission's original objective was to preserve a historic landmark and stated that now that this has been completed, he suggested WST start looking to the future to bring the area up to par with the Pulgas Temple and bring forth recommendations to the Commission for future improvements.

President Normandy stated the second objective related to maintaining the quality of the water that runs through SWT. Currently, there are three water sources running through it. Mr. Naras replied that the water quality at SWT was very good.

President Normandy stated concerns about the impact quarrying would have on the SWT. Mr. Naras replied that the quarrying company had made landscape improvements by planting four rows of trees along Temple Road. A plan that is in development would restore the landscaping back to its original state. The plan also includes alternatives regarding public use, including trail enhancements and public education. Mr. Naras stated WST would come back to the Commission with information on the next steps and further detailed information for overview and decision. He also invited the Commission to come out to the Temple and take a tour.

c) Budget Update

Ms. Martel announced the Board of Supervisors (BOS) would be taking up the Budget at their July 15th meeting at 2:00 P.M. and that the SFPUC budget would be on the agenda. She apprised the Commission on the two latest proposals by the BOS affecting the SFPUC budget: (1) The BOS is considering a plan to place a 10% reserve on Hetch Hetchy Water & Power (HHWP) purchases to determine if these funds could be used to fund solar projects, and (2) There is a proposal before the BOS to assist the San Francisco Unified School District (SFUSD) in which the SFPUC would be asked to forgive

water and power bills for the next 1-2 years for the SFUSD equaling \$2 million: (a) FY 2003-2004 \$1.2 million for power and (b) FY2003-2005 \$800,000 for water.

Ms. Martel explained that BOS Budget staff and Supervisor Tom Ammiano's staff have asked SFPUC for its position on this. She stated that the SFPUC does not have a position and that it is up to the BOS and the Mayor to make the request.

Vice President Bhatt asked if the SFPUC needed to approve this. Ms. Martel answered that the BOS needed to take action and bring it back to SFPUC.

Vice President Bhatt asked about the status of the Proposition B \$100 million solar bond funding. Ms. Martel stated the bond measure authorized up to \$100 million, but the money was not available. Instead, SFPUC has been using Mayor's Energy Conservation Account (MECA) funds to carry out the will of the voters.

Vice President Bhatt asked if it was possible to do a commercial paper program to fund the solar program and the SFUSD request. Ms. Martel stated this was not possible because the requirements were not available yet—a business plan, reserves, etc.

Vice President Bhatt asked how the concept of forgiving SFUSD water and power payments came about. Ms. Martel answered that the BOS has been concerned about the school district and they were looking for ways the SFPUC could support them financially. There was another proposal recently that required SFPUC to establish a storm water fee that would be added to sewer rates. These fees would have been used to pay for the street cleaning done by the Department of Public Works (DPW). Ms. Martel discouraged this idea as SFPUC would be looking to raise sewer rates soon and this would be bad public relations.

Commissioner Caen asked where the \$2 million would come from. Ms. Martel answered that this would come out of the HHWP reserves.

Commissioner Caen asked if making this one-time arrangement would open Pandora's box and impact regional customers. Ms. Martel stated SFPUC takes direction only and the money would come from power sales.

Commissioner Chen asked if all City departments would be coming to SFPUC for money. Ms. Martel repeated this was a one-time charge and was not meant to be a policy.

President Normandy stated "this type of thing never goes away." *He asked the Commission to direct the General Manager to take a position with the Mayor and BOS that SFPUC has an obligation to the ratepayers and wholesale customers.* He reminded the Commissioners that the SFPUC was pilloried during last November's Proposition A because SFPUC was used as a cash cow for 35 years, thus the water system was allowed to deteriorate. The other three commissioners concurred with his statement.

To summarize, President Normandy stated the following: (1) SFPUC is in complete sympathy with the financial problems of the SFUSD and the need to expand the solar program; (2) SFPUC is not in a financial position to accommodate these requests, as the ratepayers are already burdened; (3) SFPUC doesn't want the future to be like the last

35 years, where money had to be given up for non-SFPUC uses; and (4) SFPUC does not want to lose sight of priorities.

Commissioner Caen stated it was unwise to raise rates and then give away water and power.

Ms. Martel stated she would deliver the message.

President Normandy stated he wanted the ratepayers to have the message that the Commission takes their stewardship responsibilities seriously.

d) Congressional Field Hearing – House Subcommittee on Water

Resources and the Environment

Ms. Martel shared she attended a Congressional Field Hearing in Sacramento a couple of weeks ago to make a presentation at the subcommittee hearing of the House of Representatives to talk about the CIP and a proposal endorsed by Congresswoman Nancy Pelosi to provide language in the Water Resources Development Act legislation that would allow a collaborative relationship to be established between the federal regulatory agencies that would oversee the environmental and permitting process for the CIP and SFPUC.

The program would fund dedicated positions with the U.S. Corps of Engineers, U.S. Fish & Wildlife and the National Marine Fisheries and their counterparts at the state level. The purpose would be to ensure that when environmental review and permit applications are needed, there would be dedicated resources from those agencies to review the applications in a timely way. It is also hoped there would be preliminary discussions with the agencies in advance of the environmental process to share SFPUC's thoughts about approaching the environmental process. Ms. Martel commented there was great support among the federal agencies for working in collaboration with SFPUC.

Ms. Martel further reported that SFPUC agreed to a request from Mr. Tom Graff, Environmental Defense, to provide for review of the environmental study by the Bureau of Reclamation and the National Park Service in Congresswoman Pelosi's language. Ms. Martel also stated that there was support from the environmental community for this effort. Mr. Darryl Owen, SFPUC's Washington lobbyist, reported this legislation would be coming up soon.

e) Performance Assessment Update

Ms. Martel reported that the Performance Assessment had a kick-off on July 2, 2003. It was attended by many SFPUC staff and staff from Red Oak Consulting (ROC). ROC explained how the assessment would be conducted, the roles of SFPUC project champions, and which staff would be liaisons with the Project Management Advisory Committee that is being established. She detailed four phases for the Assessment: (1) Phase 1 starts in August and would include WST, HHWP, and Water Quality Bureau; (2) Phase 2 would include Water Pollution Control, Bureau of Environmental Regulation & Management, and City Distribution Division; (3) Phase 3 would include the CIP, UEB,

and Bureau of Strategic & Systems Planning; and (4) Phase 4 would include the General Manager's Office, Customer Services, Human Resources Services, Financial Services, Real Estate Services, and Information Technology Services. Ms. Martel stated she would be apprising the Commission with the recommendations at each phase.

President Normandy asked that suggestions be implemented as they are made at each phase, if possible. Ms. Martel replied that this was the intent of the Performance Assessment.

President Normandy reminded Ms. Martel that a Strategic and Business Plan needed to be developed and should not wait until after phase 4. Ms. Martel agreed and explained she was weighing two different options for moving forward with the Strategic Plan: Option 1 would incorporate the strategic plan work into the performance assessment since the data needed for the strategic plan could be gathered during the performance assessment interviews. Option 2 would be a specific Request for Proposal for the Strategic Plan only. She reiterated that the Commission wanted staff to start on the plan this year and was working on doing this expediently.

Ms. Martel announced that Mr. Keith Mangold had not yet arrived to make his scheduled presentation on Pilarcitos Creek and suggested that the meeting move forward.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Chen, seconded by Vice President Bhatt, to adopt the item (a) listed under the Consent Calendar; passed (4-0) unanimously.

a) Resolution No. 03-0135: Award Contract No. CW-277, Chestnut/Octavia/Broadway Streets Sewer Replacement, in the amount of \$333,635 to JMB Construction, Inc.

REGULAR CALENDAR

10. Discussion and possible action related to Ms. Enola Maxwell.

President Normandy honored the late Ms. Enola Maxwell, mother of Supervisor Sophie Maxwell and Commissioner on the Southeast Community Facilities Commission, for her extensive achievements.

Vice President Bhatt shared he had the opportunity to serve with Ms. Maxwell for 8 years on the Prevention of Hate Crimes Commission and expressed his deep sorrow for her loss.

President Normandy requested that Commission Secretary Mary Jung or the General Manager's Office arrange for an appropriate time to present the resolution to Supervisor Maxwell at her office.

Moved by Vice President Bhatt, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0136: Approve resolution commemorating and honoring the life and achievements of Ms. Enola Maxwell, Commissioner on the Southeast Community Facility Commission.

11. Discussion and possible action related to security policies, practices and resource allocation. (Continued from meeting of May 13, 2003.)

Moved by Vice President Bhatt, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0137: Adopt policy guidelines to establish system security as a priority in SFPUC operations, construction, business services and planning.

CONSTRUCTION CONTRACTS

Award

12. Discussion and possible action related to Contract No. HH-907.

Mr. Don Laramendy, Capital Program Liaison, stated the proposal was for the rebuild of Holm units 1 and 2. He informed the Commission that Holm unit 2 currently was operating at 75% of its rated capacity. Shorted coils in the last 18 months produced an estimated revenue loss of \$2,000,000 during the spring run-off season. The proposal would cover 550 days for the rebuild of both units. Holm unit 2, with the most problems, would begin in November-December 2003, and Holm unit 1 would begin after the runoff.

Commissioner Chen asked why there was such a big difference between the engineer's estimate and the recommended award. Mr. Laramendy stated he was informed by the project manager that there were two reasons: 1) the remoteness of the site, and 2) the window of time in which to do the work. SFPUC had to get their place in line for the job, which cost additional money. Rebidding could save 10%, but would mean the loss of the window and the place in line, and the additional revenue that was lost this year.

Commissioner Caen asked why ProVen Management backed out. The project manager informed Mr. Laramendy that ProVen found some errors in their proposal which would push their costs to the extent of making the job not economical for them.

Commissioner Caen asked how long it would take to do the work. Mr. Laramendy stated the contract to rebuild both units was for 504 days. Holm unit 2 is targeted for the November-December window and would be up and running for the beginning of the usual February runoff. Holm unit 1 would start when the season peaks and be finished by the following winter.

President Normandy asked if the \$4 million expense would be recouped by fixing the coils and bringing up the revenue. Mr. Laramendy stated that was correct and further

stated the program manager estimated that \$2 million had been lost this year by reduced capacity and that \$2 million would be recouped.

President Normandy asked if the investment could be recouped in 1½ - 2 years. Mr. Laramendy responded affirmatively.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0138: Award Contract No. HH-907, Holm Powerhouse Generators 1 and 2 Rehabilitation, in the amount of \$ 4,808,465 to GE Hydro Power Inc.

13. Discussion and possible action related to Contract No. WP-23. (Continued from meeting of June 24, 2003.)

Mr. Harlan Kelly, Assistant General Manager of Infrastructure, stated he looked into Local 38's concerns about this contract at the Commission's direction. He facilitated a meeting between Mitchell Engineering (ME) and Local 38. The issue in dispute was a jurisdictional issue between laborers and plumbers and work performed. At the end of the meeting, all parties agreed to continue working on the issue as it wouldn't be a one-time occurrence. He stated SFPUC's position was that it was a matter between unions of the laborers and the plumbers.

President Normandy asked if he foresaw a resolution of the dispute between the two unions. Mr. Kelly stated SFPUC should remain neutral as it would be working with both unions and offered his assistance in resolving the issue.

President Normandy asked if there would be a delay effect if the unions didn't have a meeting of minds about this particular project. Mr. Kelly responded he hoped there wouldn't be a delay, but stated Local 38 was persistent on the issue and wanted to attain the work.

President Normandy asked if it was premature to approve the contract at this time given the unresolved issues. Mr. Kelly recommended moving forward on the item so as not to hold up SFPUC's work.

Commissioner Caen asked what would happen if SFPUC entered into the contract and the unions agreed to put plumbers on the job and not laborers, and if this would be an increased cost. Mr. Kelly stated he understood that SFPUC received a low bid and the City does not determine the means and methods by which the work is performed. He further stated the prevailing wage is enforced; therefore, a laborer can perform the work as long as they are getting the appropriate prevailing wage. He explained SFPUC would have the Office of Labor Standard Enforcement watch this contract and make sure the work that needs to be performed is paid appropriately. He stated SFPUC couldn't get a contractor to join Local 38, but it could make sure the appropriate compensation was paid for performing the work.

Commissioner Caen asked if ME was aware of this because it seemed to her that ME bid the contract using laborers to do plumbing work. Mr. Kelly replied that was correct, but

out of fairness to ME, stated the laborers also claimed the work in dispute. He stated the laborer's union was claiming that the work was laborer's work and the plumber's union was claiming it was plumber's work, and the difficulty lies there.

President Normandy pressed Commissioner Caen's question, and asked if the rate established in the bid would cover whichever way ME went. Mr. Kelly replied his communications with ME assumed it would be laborers performing the work.

President Normandy asked if there was a difference in the pay scale between the laborers and plumbers. Mr. Kelly replied there was quite a difference between the two.

President Normandy asked what would happen if the resolution of the dispute resulted in the union with the higher pay scale. He wanted to know if this would effect ME's bid and if ME would come back to the SFPUC needing to "up the anty." Mr. Kelly stated his understanding was the cost was valid no matter if laborers or plumbers wages were paid, as it was a laborer jurisdictional issue. He stated his opinion that as long as the prevailing wage was paid for the work that was performed, the cost that SFPUC received was the actual cost.

President Normandy stated he was not arguing, but clarifying if there would be any negative effect if ME came back to SFPUC after resolution between the two unions and their bid was no longer adequate to cover the construction costs. He had two related points: 1) would more monies have to be allocated, and 2) would there be a delay in implementing the project.

Vice President Bhatt asked how long the labor dispute would take to resolve. Mr. Kelly answered he didn't know and mentioned there was a state agency for resolving disputes between union trades and recommended that both unions go to the state agency to get a decision. He noted plumbers performed this work in the past, but in recent history, laborers have been performing this service for 10-15 years.

Vice President Bhatt asked what would happen if there was litigation. Mr. Kelly stated from the City perspective it would be "dicey" to get in between labor's jurisdiction. He stated the City could identify the work that each trade performs and set the prevailing wages, but doesn't encourage anyone to join a union. He shared that SFPUC wanted to facilitate ME and Local 38, as the dispute exposed a "gray area" for which the plumber's and laborer's unions needed to get an opinion.

Vice President Bhatt suggested that a clause be inserted whereby no matter what happened the cost of the contract would not be increased. President Normandy asked if that was fair and legal. Mr. Kelly opined that when a low bid was received, that was final, and prevailing wages were paid and enforced by the Office of Labor Standards Enforcement for work.

President Normandy suggested proceeding on the item, based on implementing Vice President Bhatt's suggestion for contractual reassurance that the bid would not be increased regardless of the resolution of the dispute. He understood resolution of the dispute would not negatively affect the cost of the contract or the timing. Mr. Kelly stated that was correct.

Commissioner Caen stated she would feel more comfortable if the Commission was assured that ME felt the same way.

President Normandy called for public comment.

Public Comment:

Mr. Mike Silva, ME owner, stated Local 38 was a prominent union in San Francisco but did not have jurisdiction at the job site of this project near the O'Shaughnessy Dam. He stated the jurisdiction of Local 38 stops at the City limits. He stated ME works in San Francisco and outside. He stated the work in the City in the streets was claimed and done by laborers, as was true for the mountains, and has been for the last 15 years. He stated none of the contractors working for SFPUC that work in San Francisco use plumbers in the streets of the City. He stated Local 38 was trying to change that and if it changed, ME would change with it. He stated ME was following the jurisdictional guidelines at this time.

President Normandy stated ME was proceeding on what was in effect today.

Mr. Silva affirmed the statement. He stated laborers claimed the work in this contract and that the dispute was a jurisdictional one that should be left at the jurisdictional level of the unions. He agreed with Mr. Kelly that the Commission and SFPUC should remain neutral on the issue. He stated ME was not signatory to the plumbers at this time, but were signatory to laborers and that ME bid the work with the laborers scale and were passing the savings onto the SFPUC and ratepayers. He stated ME was obligated to pay the prevailing wage rate determined by the Department of Labor Relations in Sacramento and Labor Standards Enforcement of San Francisco.

Mr. Silva stated ME was not present at the last Commission meeting in which Local 38 stated "ME had been quoting them tagged for various things." He asked that Donna Leavitt, of the Labor Enforcement Committee, answer Local 38's questions for the facts on the matter. He stated ME had met three times with unions and recently with Mr. Kelly.

Mr. Silva answered the question about the contract costing more by stating, ME bid it with laborer's wage rates and the laborers would stand behind that. He stated until the Commission made a ruling that it had to be done with plumbers, it would not cost more. He stated that if SFPUC stayed neutral, it wouldn't cost more, but if they stepped in and decided to pay the plumber's rate, then ME would have to bid with the plumber's rate and use plumbers.

President Normandy stated the most germane point was that the Commission needed to remain neutral and the issue needed to be settled between the two labor unions. He stated the Commission supported both unions. He understood the bid was in effect and that ME was going to stick with it.

Mr. Curt Mitchell, ME owner, offered there were two venues for plumbers to resolve disputes, one being the board of their international Washington, D.C. group designed to resolve disputes and the state prevailing wage law. He stated ME follows the law and

pays the prevailing wage. He stated ME would abide by the law if Local 38 got a ruling. He clarified comments made at the last Commission meeting. ME is not associated with E. Mitchell, a 70-year old San Francisco company. He stated he and Mr. Silva started their ME business in 1999 and that they are a heavy civil contractor doing a different line of business than E. Mitchell.

President Normandy thanked everyone for their clarifications and stated the Commission was neutral on the contract regardless of the dispute and that whatever the law dictates was what would be in the contract.

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (3-1). Vice President Bhatt voted no.

Resolution No. 03-0139: Award Contract No. WP-23, O'Shaughnessy Camp Domestic Water System Improvements, in the amount of \$499,223 to Mitchell Engineering.

PROFESSIONAL SERVICE CONTRACTS

Advertise

14. Discussion and possible action related to Agreement No. CS-721.

Ms. Suzanne Arena, Manager for Government Affairs, stated the item authorized the General Manager to reject all bids for the federal lobbyist contract and also authorized the General Manager to re-advertise an additional 10 days. She explained the proposals were due in mid-May and the Human Rights Commission (HRC) and the City Attorney's Office (CA) informed staff that a large majority of the proposals failed to submit the required HRC forms, therefore, staff and CA agreed it would be best to reject all the proposals and re-advertise and allow the companies to complete the forms.

President Normandy asked for specifics regarding the number of proposals received and the breakdown. Ms. Arena answered that out of the 11 proposals received, 3 were fully compliant with HRC requirements, 3 did not meet the requirements, and 5 proposals complied with HRC by partnering with local MBE/WBE, but did not include the form. She stated re-advertising could allow SFPUC to evaluate 8 proposals instead of only 3.

Ms. Martel stated there was a misunderstanding about the HRC form in question and that 5 of the firms did partner with MBE/WBEs, but didn't realize the form also needed to be submitted.

President Normandy replied that he appreciated her comments, but noted that 3 firms did meet all the requirements and asked why their proposals would be set aside. Ms. Arena replied that these 3 firms could still be considered with the others and stated it was in the best interest of the City to review as many proposals as possible. She noted that review of the City Charter did not allow staff to waive the form requirement.

Vice President Bhatt asked why staff would suggest rejecting the 3 HRC compliant bidders who completed their efforts in good faith and were ready to move forward to do the job.

President Normandy stated that he had a number of questions and thought that this item should be continued to the next meeting. He stated he wanted more information on all the bidders.

Ms. Martel answered this item could be continued and informed the Commissioners that the SFPUC's contract administration staff, under the direction of the CA and HRC, already sent out letters to all of the firms indicating that the process was being terminated. She noted that she did question why the letters went out preceding the Commission's action today.

Vice President Bhatt asked why the item was coming to the Commission if a letter was already sent to the firms terminating the process. He stated this situation was irritating and unethical and that the process followed was incorrect.

President Normandy concurred with Vice President Bhatt and stated he found it distressing that staff made the decision for the Commission. He suggested a second letter be sent stating the Commission decided to continue the item until further clarification. He asked legal counsel for options on recourse.

Ms. Vicki Clayton, Deputy City Attorney and SFPUC Legal Counsel, stated she did not have this information and asked that this item be continued to the end of the meeting. In the meantime, she would call Mr. George Wong (the advising City Attorney on this item) for clarification on the advice he gave to SFPUC staff.

President Normandy stated there were fairness issues related to this agenda item and more information was needed. He further stated that it was important to be fair to the 3 HRC compliant firms who met all the requirements and that a strong case and rationale would have to be put forth to the Commission by SFPUC staff, HRC, and CA to start the process again. President Normandy made a motion to continue the item to the next Commission meeting.

Ms. Clayton asked that the motion be changed to continue the item to the end of the meeting.

Ms. Arena stated that language in the RFP allowed SFPUC to reject all bids for any reason, but understood the Commission's questions and concerns.

Commissioner Chen requested a copy of the letter that was sent out. Ms. Clayton agreed to get a copy for the Commission.

President Normandy moved to continue Item 14 for after Closed Session to allow the City Attorney's Office and staff time to gather further information to present to the Commission.

Amend

15. Discussion and possible action related to Agreement No. CS-658.

Ms. Arena stated this item would amend the existing federal lobbying contract by

extending it for two additional months to allow time to get a new contract in place. President Normandy asked if two months was enough. Ms. Arena and Ms. Martel both agreed two months was sufficient time.

Moved by Commissioner Chen, seconded by Vice President Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0140: Authorize the General Manager of Public Utilities to execute Amendment No. 3 to Agreement No. CS-658, Legislation Representation and Advocacy Services with the Palmetto Group, to increase the agreement by \$45,833 for a total budgeted amount not to exceed \$664,583, and extend the term for 2 additional months to September 30, 2003.

16. Discussion and possible action related to Agreements No. CS-670 A, B, C, D, and E.

Moved by Commissioner Chen, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0141: Approve Amendment No. 2 to Agreements No. CS-670 A, B, C, D and E, BERM As-Needed Environmental Services, with Baseline Consultants, Camp, Dresser McKee, Inc., Kennedy/Jenks Consultants, Olivia Chen Consultants, and Weiss Associates respectively, to extend the period of each contract for six months, and authorize the General Manager of Public Utilities to execute these six month time extensions, for a total term of 2.5 years each.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Bhatt, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

President Normandy recessed the meeting at 11:55 A.M. before going into Closed Session.

The Public Utilities Commission met in Closed Session at 12:18 P.M. to discuss the following matters:

Closed Session was taken in the following order: 19, 21, 20.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Margolis/Roddy)

Present were President Normandy, Vice President Bhatt, Commissioner Caen,

Commissioner Chen, SFPUC General Manager Patricia E. Martel, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Rate Administrator William Laws, and Deputy City Attorneys John Roddy and Donald Margolis.

Existing Litigation: University of California, Hastings v. CCSF
(Superior Court No. 997-534);
University of California, San Francisco v. CCSF
(Superior Court No. 311-005);
University of California, Hastings v. CCSF
(Superior Court No. 400-550);
University of California, San Francisco v. CCSF
(Superior Court No. 324-662)

No action was taken.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Chen, SFPUC General Manager Patricia E. Martel, SFPUC Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Existing Litigation: Blanche R. Murray, Claim No. 03-02682

Resolution No. 03-0142

20. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Chen, SFPUC General Manager Patricia E. Martel, SFPUC Legal Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Real Estate Services Manager Gary Dowd, and Deputy City Attorney Joshua Milstein.

Property: Sunol Valley Golf Course
Parties Negotiating: CCSF – Dowd/Milstein
Lessee – Sunol Valley Golf Course
Under Negotiation: Prices and Terms

No action was taken.

Commissioner Caen was excused at 12:33 P.M.

Following the Closed Session, the Commission reconvened in open session at 12:36 P.M.

22. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Bhatt, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

After Closed Session, the Commission resumed hearing Item 14.

14. Discussion and possible action related to Agreement No. CS-721.

Vice President Bhatt stated that in fairness to the 3 firms which submitted bids properly, he was against rejecting all the bids.

President Normandy stated it was his understanding that all of the firms were willing to resubmit their proposals and that the 3 HRC compliant firms would not be injured in any way or taken out of the process. Ms. Martel stated this was correct. President Normandy asked Vice President Bhatt if this reassured him regarding the process.

Vice President Bhatt expressed concern that the 3 non-compliant firms would now have an unfair advantage because they would have access to the proposals. Ms. Clayton answered that none of the proposals have been made public at this time.

President Normandy noted that the Commission had no information on who the firms were and whatever decision the Commission made would be made without information on the firms and affirmed that the 3 HRC compliant firms were not injured in any way. Vice President Bhatt stated if this was the case, he would be able to support the item.

Public Comment:

Mr. Ed Tong, Asian, Inc. business consultant, asked if it was really necessary to readvertise if the Commission was only looking to consider the additional 8 firms, or would additional proposals from new firms be allowed and would they be considered late.

President Normandy stated the process had to be followed and SFPUC had to readvertise, regardless of the expense and delay involved.

Ms. Martel stated that staff would make sure that all the original firms would be contacted and encouraged to resubmit their proposals. For the 3 HRC compliant firms, they would only need to submit a cover letter stating they were resubmitting their original proposal.

President Normandy stated he was distressed by the communications process that caused this and asked the General Manager and staff evaluate the process and make corrections so it does not happen again.

Moved by Commissioner Chen, seconded by Vice President Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 03-0143: Authorize the General Manager of Public Utilities to reject all bids received for Agreement No. CS-721, legislative representation and advocacy services for the General Manager's Office, and readvertise the Request for Proposal for ten (10) days in the Washington Post and ten (10) days in the San Francisco Independent.

There being no further business to discuss, the meeting was adjourned at 12:44 P.M.

Mary Y. Jung
Secretary

Location:

http://sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/NULL/C_ID/1616

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

DOCUMENTS DEPT.

JUL 25 2003

SPECIAL MEETING

SAN FRANCISCO
PUBLIC LIBRARY

July 29, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
 - a) Minutes of the July 14, 2003 Special Meeting
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Pilarcitos Creek (K. Mangold)
 - b) Lake Merced Update (Carlin)
 - c) Budget Update
 - d) July 23, 2003 Meeting - Bay Area Water Supply & Conservation Agency
8. Bay Area Water Supply & Conservation Agency (BAWSKA) General Manager's Report
 - a) Bay Area Water Supply & Conservation Agency Update (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Award Contract No. CW-264, Pine Street Sewer Rehabilitation, in the amount of \$321,544 to Pacific Liners.
 - b) Staff Recommendation: Award Contract No. CW-276, Sutter Street Sewer Rehabilitation, in the amount of \$494,870 to Pacific Liners.
 - c) Staff Recommendation: Award Contract No. CW-312, Ashbury / Frederick / Woodland Ave / Willard Street Sewer Replacement, in the amount of \$1,103,779 to JMB Construction, Inc.
 - d) Staff Recommendation: Award Contract No. WD-2380, 48" Steel Pipeline Replacement in Alemany Blvd., and 24" Ductile Iron Pipe Main Installation in Teresita Blvd., in the amount of \$2,018,805 to Ranger Pipeline.
 - e) Staff Recommendation: Accept work performed for Contract No. HH-887, Moccasin Domestic Water System Improvements, approve Modification No. 2 (Final) decreasing the contract by \$35,973.91, for a final contract amount of \$901,521.09, and a total contract duration of 180 consecutive calendar days; and authorize final payment of \$93,988.00 to Mitchell Engineering.
 - f) Staff Recommendation: Accept work performed for Contract No. HH-893, South Fork Bridge and Road Repairs, for a final contract amount of \$2,317,184.13, and authorize final payment of \$36,380.51 to Mitchell Engineering.
 - g) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated July 23, 2003 and concurred with by the President of the Commission, to remove and replace pump motor starters at Crystal Springs Pump Station. The engineer's estimate is \$185,000.

REGULAR BUSINESS

11. Discussion and possible action related to a Memorandum of Understanding regarding the Pre-Feasibility Study for the Regional Desalination Project. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment 1 to the Memorandum of Understanding (MOU) between East Bay Municipal Utilities District (EBMUD), Santa Clara Valley Water District (SCVWD) and SFPUC. The amendment is to include the Contra Costa County Water District (CCWD) to participate in the Pre-Feasibility Study for the Regional Desalination Project.
12. Discussion and possible action related to fund transfers to cover operating budget expenditures. (Berry)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Controller to approve funds transfers in the amount of \$2,137,112 to cover expenditure overruns in the SFPUC operating budget for FY2003.
13. Discussion and possible action related to a reallocation of funds from project CENMSCTP06 to projects CENMSCNP01, CENMSCSP04, and CENMSCTP07. (Berry)

Staff Recommendation: Approve the reallocation of \$8,100,000 from project CENMSCTP06 -Southeast Water Pollution Control Plant (SEWPCP) Solids Handling Project to projects CENMSCNP01 – North Point Wet Weather Improvements \$500,000, CENMSCSP04 – Clean Water Comprehensive Plan \$3,000,000 and CENMSCTP07 SEWPCP Building 840 Improvements \$4,600,000.
14. Discussion and possible action related to a commercial paper program for the Clean Water Program. (Berry)

Staff Recommendation: Urge the Board of Supervisors (BOS) to authorize the establishment of a commercial paper program for the Clean Water Program in an amount not to exceed \$100,000,000; urge the BOS to amend San Francisco Administrative Code Chapter 43, Section V to give effect to the provisions of Proposition E; and, delegate to the General Manager of Public Utilities, in consultation with the City Attorney, authority to take any and all necessary action expeditious to the establishment of a commercial paper program for the Clean Water Program.

LEASES AND PERMITS

15. Discussion and possible action related to a land transfer to Midpeninsula Open Space District. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to prepare and submit legislation to the Board of Supervisors to accommodate the conveyance of a 5,162 square foot parcel of land located in San Carlos, County of San Mateo, to the Midpeninsula Regional Open Space District.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. CW-345. (M. Wong)

Staff Recommendation: Award Contract No. CW-345, Tennessee Street BCDC Improvements, in the amount of \$164,500 to Esquivel Grading and Paving.

17. Discussion and possible action related to Contract No. CW-314. (J. Wong)

Staff Recommendation: Award Contract No. CW-314 Outfall Repairs at Various Locations, in the amount of \$408,560 to Bamer Construction.

Amend

18. Discussion and possible action related to Project No's. CUW220 and CUW218 and Contract No. WD-2337. (Nelson)

Staff Recommendation: Approve a transfer of funds in the amount of \$560,000 from Project No. CUW220 – Calaveras Dam: Seismic Evaluation, to Project No. CUW218 – Harry Tracy Water Treatment Plant Improvements, to fund completion of this project.

Approve Modification No. 5 to Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening, increasing the contract by \$200,592, for a total contract amount of \$10,351,003, and extend the contract duration by 409 consecutive calendar days for a total contract duration of 739 consecutive calendar days.

Close

19. Discussion and possible action related to Contract No. CW-204R. (M. Wong)

Staff Recommendation: Accept work performed for Contract No. CW-204R, Southeast Water Pollution Control Plant – Building 062 Improvements, approve Modification No. 2, decreasing the contract by \$11,900, for a total contract amount of \$1,044,116, and with a time extension of 42 consecutive calendar days for a total contract duration of 292 consecutive calendar days; and authorize final payment of \$22,354 to Millard Tong Construction Company.

20. Discussion and possible action related to Contract No. WD-2331. (Fung)

Staff Recommendation: Accept work performed for Contract No. WD-2331, Sutro Reservoir Erosion Control, approve Modification No. 2 (final), decreasing the contract by \$17,992.40, for a total contract amount of \$1,658,520.60, and with a time extension of 116 consecutive calendar days for a total contract duration of 306 consecutive calendar days, and authorize final payment of \$55,818.60 to Mitchell Engineering, Inc.

21. Discussion and possible action related to Contract No. WD-2344. (Fung)

Staff Recommendation: Accept work performed for Contract No. WD-2344, Forest Hill Steel Tank Replacement, approve Modification No. 2 (final), decreasing the contract by \$4,926.82, for a final contract amount of \$1,068,058.18, and with a time extension of 196 consecutive calendar days for a total contract duration of 470 consecutive calendar days, and authorize final payment of \$42,773.18 to Mitchell Engineering, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Letter(s) of Credit for the Clean Water Program Tax-Exempt Commercial Paper Program. (Berry)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Letter(s) of Credit for the

Clean Water Program Tax-Exempt Commercial Paper Program, at an aggregate annual cost not-to-exceed \$500,000; receive proposals for said letter(s) of credit (or other acceptable form of liquidity and/or credit enhancement); interview (if deemed desirable or necessary) and conduct a selection procedure to identify the best qualified firms to provide such letter(s) of credit for the Clean Water Program Tax-Exempt Commercial Paper Program; and negotiate and execute a Letter of Credit and Reimbursement Agreement(s).

23. Discussion and possible action related to Agreement No. CS-729. (Berry)

Staff Recommendation:

Authorize the General Manager of Public Utilities to advertise and request a proposal for CS-729, Financial Advisory Services, at an estimated cost of approximately \$500,000 for a duration of three (3) years; to receive proposals from interested firms and individuals; to conduct a competitive selection process to identify the most highly qualified firm(s) or individual(s) to perform the requested scope of services; and to negotiate a professional services agreement(s) with the selected firm(s) or individual(s) to provide the requested services.

Award

24. Discussion and possible action related to Agreement No. CS-727. (Berry)

Staff Recommendation:

Approve the selection of Banc of America Securities LLC, Lehman Brothers, JPMorgan Securities, Inc. and Morgan Stanley Pool-1 and Jackson Securities and Backstrom McCarley Berry & Co., LLC to Pool-2 to provide commercial paper dealer services for Agreement No. CS-727, Commercial Paper Dealer Services in connection with the Water Enterprise's commercial paper program and the Clean Water Enterprise's commercial paper program, and authorize the General Manager of the San Francisco Public Utilities Commission to execute dealer agreements with the above-named firms.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.
26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Bellaire Tower Homeowners Assoc., et al. v. City and County of San Francisco, San Francisco Superior Court (Unlimited Jurisdiction) Case No. 402-355
28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Nghia Van Huynh, Claim No. 03-04268

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.
30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

MINUTES

July 29, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

AUG 27 2003

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:34 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Commissioner Ann Moller Caen, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Vice President Ashok K. Bhatt arrived late at 1:49 P.M.

3. Approval of Minutes

Moved by Commissioner Chen, seconded by Commissioner Caen, to adopt the Minutes of the July 14, 2003 Special Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen raised a topic from the last Commission meeting regarding an in-depth review of the Water Infrastructure Partners (WIP) audit.

Ms. Patricia E. Martel, General Manager of Public Utilities, responded that she requested Mr. Harlan Kelly, Assistant General Manager of Infrastructure, who is responsible for the management of the WIP contract, to provide a written explanation to the Commission with responses to the audit. The explanation provided outlined changes that have been made as a result of the audit to ensure more effective oversight in the future. Ms. Martel reviewed the analysis of the audit and found it acceptable. She offered to schedule a more-detailed presentation on the matter if the Commission felt it was necessary.

President Normandy requested that the WIP audit be scheduled as an agenda item and that the Commission be provided with a copy of Mr. Kelly's explanation.

Commissioner Caen inquired if a decision had been made about the Priest Bypass and the conversion.

Ms. Martel stated the Operations staff was conducting analysis on the issue. She stated SFPUC needed to make a decision within the next two weeks as a commitment to the regional customers was made to have a definitive answer by August 15.

Commissioner Caen inquired about the report on the [San Francisco] reservoirs.

Ms. Martel stated staff prepared some written information. She asked if the Commission would like a formal presentation on the reservoirs.

Commissioner Caen requested that the report on the reservoirs be a presentation to the Commission due to the importance of the issue. Ms. Martel agreed to schedule the presentation.

President Normandy requested a report on deduct meters for the next meeting or when convenient. He asked that it include the costs of the program, and what costs could be passed on to the consumer and the cost breakdown. Ms. Martel stated she would schedule a presentation.

President Normandy inquired about the formation of the Community Advisory Committee (CAC).

Ms. Martel stated Supervisor Tom Ammiano still needed to review the CAC proposal. She stated she had already reviewed it with Supervisor Sophie Maxwell, and that upon Supervisor Ammiano's review, a resolution needed to be introduced and appointments made. Ms. Martel anticipated this would be done by the end of the month.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

Ms. Martel introduced Mr. Keith Mangold, Chair of the Pilarcitos Creek Advisory Committee (PCAC), who presented substantive information concerning Pilarcitos Creek in San Mateo County and activities to be addressed with stakeholders in San Mateo County.

a) Pilarcitos Creek

Mr. Keith Mangold, El Granada resident, stated he became interested in the Hetch Hetch system when he worked for SFPUC. Mr. Mangold stated his presentation for the SFPUC contained history, geology, and issues. The subjects covered were: 1) restoration efforts, 2) the law, 3) Pilarcitos Creek, 4) Spring Valley Water Company (SFPUC), 5) the geology, 6) the disappearing lagoon, and 7) what can be done.

Mr. Mangold stated \$3 million has been committed for restoration. To date, various agencies have spent \$2.5 million on the following work: 1) barrier removals, 2) stream bank projects, 3) restoration studies, and 4) Corinda de los Trancos (landfill) sediment stabilization. Agency restoration partners were Department of Fish & Game (DFG), Regional Water Quality Control Board (RWQCB),

Environmental Protection Agency (EPA), National Marine Fisheries Service (NMFS), Resource Conservation District of San Mateo County (RCD), and PCAC which included SFPUC, Coastside County Water District (CCWD) and San Mateo County Farm Bureau (SMCFB).

Mr. Mangold showed a series of visual slides including the Crystal Springs watershed, Pilarcitos Lake/Dam, Pilarcitos Creek and its flow to the ocean, the Pilarcitos Steelhead, the Red-legged Frog, and the San Francisco Garter Snake.

He covered the laws pertinent to Pilarcitos Creek: 1) Federal Endangered Species Act–4(d) states rules for local salmon and steelhead and describes illegal actions harming fish and their habitat, 2) California Water Code speaks to beneficial uses of stream flow, and 3) Fish and Game Code 5937 refers to dam owners and their obligation to allow sufficient water to pass over, around or through the dam at all times to keep any fish that may be planted or exist below the dam in good condition.

Mr. Mangold showed a series of historic United States Geological Survey (USGS) geologic and topographic maps. Of note, an 1863 map of a lagoon at the mouth of Pilarcitos Creek was shown. A comparative 1973 map showed the same lagoon and a 1991 map showed the lagoon as nonexistent. PCAC questioned what happened between 1973 and 1991. Two issues surfaced: 1) Corinda de los Trancos was a streambed that is now a landfill where water runs off rapidly in the winter and there is no flow in the summer which diminishes the total input into the creek and might be causing part of the problem, and 2) Ocean Colony built a second golf course and established a pump field adjacent to Pilarcitos which used 113 million gallons of water in 2001. It is believed, but not proven, that deep wells adjacent to the stream that are being pumped tend to drop down the stream.

Mr. Mangold shared what is happening today. 1) CCWD is exploring well development in the Pilarcitos delta which could dry up more of the stream, 2) DFG closed down two agricultural dams (POST and Guisti) last year that provided habitat for fish, 3) NMFS enforcement is requiring action by SFPUC related to Old Stone and Pilarcitos Dams, and 4) NMFS is looking at other Pilarcitos diversions.

Mr. Mangold outlined what could be done. The stream flows could be increased and the lagoon restored to its historic standard. This could be done by using tertiary treated water for irrigation to replace groundwater pumping and by prohibiting wells from drawing down the creek. The reasons for doing this would be: 1) to benefit the threatened and endangered species, 2) to eliminate secondary treated sewage flow into Monterey Bay National Marine Sanctuary, and 3) to bring diverters into compliance and avoid potential legal problems and enforcement actions that may affect irrigators and the local water utility.

Mr. Mangold stated he was making his presentation because: 1) SFPUC is the largest landowner at 22% of the Pilarcitos watershed, 2) SFPUC has riparian rights

to most of the watershed, 3) 28% of the water available is under SFPUC control, 4) summer release over Old Stone Dam is 0%, and 5) dams prevent fish migration.

Mr. Mangold stated the barriers to restoration are: 1) last remaining migration barriers are Apanolia which is in progress and Stone and Pilarcitos Dams, 2) loss of lagoon and rearing habitat, 3) instream flows, and 4) riparian corridor degradation.

Mr. Mangold stated PCAC would like the following support from SFPUC to move forward: 1) promote lagoon restoration to provide habitat for Steelhead, Red Legged Frog and San Francisco Garter Snake or alternatively, develop comparable nursery habitat elsewhere in the watershed, 2) fund conservation easements from willing sellers, 3) provide summer flow from Old Stone Dam, 4) expand the riparian corridor in degraded areas and setbacks in sensitive areas, 5) oppose wells that draw down the creek as SFPUC has control with the local water district in terms of their actions, and 6) promote development of alternative irrigation sources, i.e., tertiary treated wastewater, which is potentially the most effective action.

Mr. Mangold acknowledged his references and left a CD copy of his presentation for the Commission.

Ms. Martel thanked Mr. Mangold for his informative presentation and commented that SFPUC recognized its stewardship responsibilities of the watershed in San Mateo County. She stated SFPUC had begun to have conversations with CCWD and San Mateo County agencies to devise joint projects that need SFPUC support, such as what Mr. Mangold highlighted. In light of the need to expand SFPUC's environmental stewardship efforts, joint projects offer opportunities to work with SMC stakeholders and to work for the restoration of environmental resources. Ms. Martel asked Mr. Michael Carlin, Manager of Bureau of Systems & Strategic Planning, to report on potential projects.

Mr. Carlin stated many of the ideas Mr. Mangold presented have been discussed with the General Manager of CCWD and two board members, one being President John Mueller. They have spoken about joint projects at a preliminary stage. He stated SFPUC believes it needs to partner with the local water agency and that the opportunities should come from them and not from the SFPUC. He stated Mr. Mangold's presentation identified the problems and that SFPUC can look at them by working with the local water district. SFPUC assisted CCWD in writing a grant to receive money for conservation easements, which would result in buying the land along the riparian corridor and moving the facilities out of the area. He stated they have also spoken about alternative irrigation sources and a recycled water project to help alleviate some of the concern. He shared that SFPUC created a project with NMF to release more water from Old Stone Dam to rewater a portion of Pilarcitos Creek. He stated the major drawback of the project was CCWD getting the water downstream for their use. He stated these are all preliminary ideas, but

that SFPUC is looking for opportunities, and hoping to work jointly on the projects to make them a reality.

Ms. Martel stated she had an opportunity several months ago to have lunch with Mr. Mueller at a water conference of the Association of Bay Area Governments (ABAG). She shared that they spoke about the projects Mr. Carlin discussed. Mr. Mueller expressed that SFPUC was being proactive, had made progress in a short period of time and indicated he was looking forward to working with SFPUC.

President Normandy expressed his pleasure with the attitude and potential for being able to work together with PCAC and crafting a win-win-win joint effort.

b) Lake Merced Update

Mr. Carlin referred to his written memo to the Commission and highlighted two activities: 1) Adding water to Lake Merced. He reported there was a mechanical breakdown on a flow meter that required replacement. When it is replaced, water can be added to the lake and 2 feet of water are to be added bringing the lake level to 22 feet. 2) Scheduling a public meeting on August 20 under the sponsorship of Lake Merced Task Force (LMTF). SFPUC staff and technical experts are going to talk about what SFPUC has been doing. He stated the meeting would be well publicized. SFPUC was on the last LMTF agenda but there wasn't enough time to present. At SFPUC's suggestion, LMTF agreed to hold a separate meeting. He stated they were expecting a good turnout and the opportunity to hear from the community about what SFPUC is doing right and/or wrong.

President Normandy requested Mr. Carlin include the environmental and infrastructure costs of raising the lake level in the August 20th presentation. Mr. Carlin agreed to do so.

Ms. Martel emphasized that SFPUC has made significant progress in a number of areas on Lake Merced since she began in October 2001. She stated the continuing feedback, even from careful observers of SFPUC activities—such as Friends of Lake Merced and Supervisor Tony Hall—have been positive.

c) Budget Update

Ms. Martel stated the Board of Supervisors (BOS) approved the budget on July 15 and the Mayor was to sign it later this week. She gave a follow up on the discussion from the last meeting of the action taken by the BOS relative to the SFPUC's budget. She stated the proposal, outlined at the last meeting, to forgive the water and power rates for the San Francisco Unified School District (SFUSD) was incorporated into the budget package. The proposal totaling \$2 million called for a \$1.2 million reduction for power rates for FY 2003-2004 and \$800,000 for water rates for FY 2003-2005. The action was taken on July 15. Ms. Martel stated she had been advised by the City Attorney's Office that SFPUC would need to

approve the various proposals that the BOS has included in the budget. She stated the action would come back to the Commission in the future in order to make these proposals effective.

Commissioner Caen asked what the exact language was in the budget. She stated she was asking because she felt it was important that the wording reflect it was for "a duration of 2 years and 2 years only" so there was no misunderstanding. She subsequently asked if there was any discussion about the Commission's position on the matter.

Ms. Martel answered that staff were not afforded an opportunity to speak on this particular item to the BOS at the Budget Meeting. The BOS took action and Supervisor Ammiano indicated he had the endorsement of the Mayor's Office so there was no staff input on the item.

President Normandy stated he felt it was important that the Commission articulate its position, either prior to or when the item comes back to them, relative to what they hope will be a nonprecedent-setting approach for the forgiveness of the rates for the SFUSD. He stated the Commission was not against helping SFUSD, however, it was important that they articulate their position so that the ratepayers know they are conscientious about their fiscal responsibility to them. President Normandy felt it was important to do two things: 1) articulate the position to show the Commission was not rubberstamping the proposal, and 2) determine that the action does not set a precedent for the SFPUC in the future. He asked that the Commission's position be presented and that it be known the Commission wanted to work with the higher powers in the City.

Commissioner Costello echoed President Normandy's sentiments stating SFPUC has an obligation to the voters to pass the bond issues and doesn't have the right to deviate from that program.

Ms. Martel stated she would convey the messages.

d) July 23, 2003 Meeting - Bay Area Water Supply & Conservation Agency

Ms. Martel attended the July 23, 2003 board meeting of the Bay Area Water Supply and Conservation Agency (BAWSCA)—the agency created as a result of AB 2058. She stated it was her intention to attend as many of their meetings as possible to be a resource to the BAWSCA Board of Directors (BOD) and General Manager, Mr. Art Jensen. She advised the Commission she would send a letter to the BAWCA BOD requesting she be permitted a standing agenda place on their agenda in the same way Mr. Jensen regularly comes before the SFPUC Commission to share information and progress reports.

Ms. Martel shared the meeting dealt with matters required to establish an agency in the early stages, such as BAWSCA. She reported that Mr. Jensen provided a

copy of the draft Emergency Response & Recovery Plan presented previously to the Commission and slated for final format in August for approval and to be sent to the State as required by AB 1823. Mr. Jensen presented goals and a work plan for BAWSCA through the end of the calendar year. Ms. Martel requested a copy for the Commission for them to get a sense of the mission of the BAWSCA BOD and Mr. Jensen. She stated she would discuss how she sees the SFPUC's role in relationship to that. She concluded stating the next meeting was scheduled for September 24 and that she planned to attend and report back to the Commission.

Ms. Martel's final item was the introduction of Mr. Ron Sheckler, the new Manager of Security & Emergency Planning. She stated his background in security-related matters included 31 years with the military in special operations and a variety of military assignments leading to an expertise in security related matters. For the past year, Mr. Sheckler was the CEO of a company that did strategic planning and organizational restructuring for different kinds of businesses and organizations. She stated he brought a sound management and strategic operations background to his SFPUC post. Of particular interest to SFPUC, he has worked in areas of identifying, assessing and coming up with solutions for issues related to weapons of mass destruction; in particular, chemical, nuclear and bioterrorist types of weapons. Ms. Martel stated in this post 9-11 environment, Mr. Sheckler's focus specifically on security enhancements and improvements to be applied to SFPUC's water system would be of extreme benefit to the agency. She stated he would be assisting immediately to prioritize the items identified in SFPUC's vulnerability assessment and developing an implementation plan and associated costs to be brought to the Commission in the future for approval.

President Normandy welcomed Mr. Sheckler to his post stating the Commission had identified it as a high priority. President Normandy closed the General Manager's report calling for a moment of silence in remembrance of the death of Ms. Martel's mother two weeks prior.

8. Bay Area Water Supply & Conservation Agency (BAWSCA) General Manager's Report

a) Bay Area Water Supply & Conservation Agency Update

Mr. Art Jensen, General Manager of BAWSCA, gave a brief overview of the July 23 BOD meeting. The presentation to the BOD was to focus on the approach the new organization is going to take. He stated the board was new and does not have the same day-to-day background as the BAWUA BOD had, but was strong from the policy and leadership perspective. He stated he and the BOD were excited about working together, that they were going to be results driven, establish a template of rules, and make themselves effective in their own right and in working with SFPUC.

At their first meeting, Mr. Jensen presented the BOD with 10 challenges the organization faces. The BOD directed him to pursue all 10 and directed

themselves to focus on 5. He stated the BOD would be determining, by the end of the calendar year, that SFPUC could rebuild the regional system cost effectively and promptly. The BOD understands the size of the issue before the SFPUC. Mr. Jensen stated there was a variety of ways to measure progress and a letter regarding this would be sent to Ms. Martel. He stated the first would be monitoring all the deadlines in AB 1823 which apply to SFPUC and the State of California. He stated, to date, all deadlines have been met.

Mr. Jensen stated he shared the Emergency Response and Recovery Plan with the BOD, stating the work brought value to SFPUC's budgeting and preparedness processes. He stated the BOD would also be evaluating project schedules. He mentioned that 3 years ago, BAWUA did an evaluation of how long it took to get projects done through their different phases. He stated they were in the middle of updating the analysis from 3 years ago to find out what has changed and that the results would be shared with Ms. Martel. He stated BAWSCA was cognizant of the many responsibilities facing the SFPUC at this time and how the BOD wanted to follow along to report on SFPUC's progress. Mr. Jensen made a point of how BAWSCA might assist by sharing an example of the SFPUC needing cooperation and coordination taking its facilities through each locality and that BAWSCA could assist.

Mr. Jensen stated in terms of pursuing future water needs, both agencies have roles for what needs to be done. He identified SFPUC as the wholesaler. He stated BAWSCA was working to make sure the demand projection process is consistent with what the local cities and water districts are viewing as their demand projections and how the two agencies can work together to analyze water conservation reclamation opportunities once they see those projections and the types of models being developed. He saw their role as assisting in the implementation of cost-effective water conservation activities. He stated they have results associated with each one of those for the coming year and that some of the activities are continuing and some are new.

Mr. Jensen stated that BAWUA in the past had a tendency to react to what SFPUC presented. He stated SFPUC staff was responsive in answering questions, but that BAWUA hadn't devoted resources. He stated BAWSCA's interest is to be more informative to the SFPUC about what they need and don't need which would be of assistance to the SFPUC.

He stated BAWSCA would be sending a request to the President Normandy to examine past policies set over the years to see if they were done. He suggested that items that were done needed to be removed and items needing to be done be given determinations. He suggested putting existing items on the schedule or to be evaluated. He felt this was part of the budget process because it dealt with completion of jobs.

Mr. Jensen stated there was a presentation at the meeting on the 1984 settlement agreement of the Master Water Sales Contract. He stated the BOD didn't have the background on it and needed to be brought up to date, as they would be making important decisions. The BOD was requested to make suggestions on what they want briefings on. The Master Water Sales Contract was one of the issues suggested because it is central to BAWSCA's business relationship with SFPUC.

Mr. Jensen stated the BAWSCA meeting was adjourned for a Financing Authority meeting to conduct administrative business. He stated there would be an update at the next meeting. He stated BAWSCA was pleased to see Ms. Martel at the meeting and thought the BOD would be responsive to her request.

President Normandy stated he'd observed over the last 3-4 years, how cooperation had been taken to a new level by BAWUA/BAWSCA. He thought it was an excellent idea to have Ms. Martel on the BAWSCA agenda on a regular basis to enable direct communication. He welcomed Mr. Jensen's idea of being a resource to SFPUC as being mutually beneficial yet maintaining the customer service/provider relationship—he thanked Mr. Jensen and Ms. Martel for their roles in making that happen.

9. Public Comments on matters not on today's agenda.

Mr. Steve Leslie, San Francisco resident, introduced himself as a consultant hired for the Mayor to review the SFPUC's organization and the CIP program, working for a year with the Mayor and the Mayor's Infrastructure Task Force. He spoke in support of taking caution in transferring money to another government agency. He stated, during his consultancy, he found that from 1976-2000, SFPUC transferred \$650 million to the General Fund. He stated in current dollars that would be \$1 billion, and if it had remained in the treasury, it would be \$1.3 billion.

He stated that last May/June, at the request of then-BOS President Tom Ammiano, he attended Supervisor Ammiano's workshops on how to modify the SFPUC so that money would not be drained from the agency anymore. He attended with Ms. Martel, SFPUC staff, members of the public, and other interested parties. One outcome of the meeting was incorporated in Proposition A and Proposition E to make it extremely difficult for any money to be siphoned off again unless the SFPUC could show it didn't have any need for the funds. He stated it was better to use cash flow to do the \$3.6 billion work on the CIP than to use bonds.

Mr. Leslie stated he was perplexed why Supervisor Ammiano would push the fund transfer, when last November he sponsored the bills to prevent transfers. He gave the analogy that people borrow or go on a time-payment plan when they don't have money to pay for something. He suggested that instead of helping SFUSD on a one-time issue, that a time-payment plan over 5 years be created for SFUSD to pay it. He thought the interest rates at 1-2% could be waived. He reiterated that he

wanted to be sure that the money stayed with the SFPUC and believed the Commission, SFPUC and the ratepayers would agree on the matter.

President Normandy thanked Mr. Leslie for his comments echoing the Commission's sentiments regarding transfers out of SFPUC to another agency and his counsel on presenting the option to explore the return of monies to SFPUC at the same time SFPUC helps with SFUSD's pressing need for finances. *President Normandy requested staff explore the possibility presented so that when the issue comes before the Commission, they would be prepared to look at some alternatives.*

CONSENT CALENDAR

10. Moved by Costello, seconded by Vice President Bhatt, to adopt the items (a-d) and (f-g) as amended, and to continue item (e) to the call of the General Manager listed under the Consent Calendar; passed (5-0) unanimously.

Commissioner Costello recommended pulling Item 10e from the Consent Calendar until a meeting with Mitchell Engineering, President Normandy, himself and the heads of the two unions in dispute could be scheduled.

President Normandy stated the item would be continued to a future date at the call of the General Manager.

Commissioner Costello suggested the meeting be as soon as possible so as not to inconvenience Mitchell Engineering or anyone else.

- a) Resolution No. 03-0144: Award Contract No. CW-264, Pine Street Sewer Rehabilitation, in the amount of \$321,544 to Pacific Liners.
- b) Resolution No. 03-0145: Award Contract No. CW-276, Sutter Street Sewer Rehabilitation, in the amount of \$494,870 to Pacific Liners.
- c) Resolution No. 03-0146: Award Contract No. CW-312, Ashbury / Frederick / Woodland Ave / Willard Street Sewer Replacement, in the amount of \$1,103,779 to JMB Construction, Inc.
- d) Resolution No. 03-0147: Award Contract No. WD-2380, 48" Steel Pipeline Replacement in Alemany Blvd., and 24" Ductile Iron Pipe Main Installation in Teresita Blvd., in the amount of \$2,018,805 to Ranger Pipeline.

- e) Staff Recommendation: Accept work performed for Contract No. HH-887, Moccasin Domestic Water System Improvements, approve Modification No. 2 (Final) decreasing the contract by \$35,973.91, for a final contract amount of \$901,521.09, and a total contract duration of 180 consecutive calendar days; and authorize final payment of \$93,988.00 to Mitchell Engineering.
- f) Resolution No. 03-0148: Accept work performed for Contract No. HH-893, South Fork Bridge and Road Repairs, for a final contract amount of \$2,317,184.13, and authorize final payment of \$36,380.51 to Mitchell Engineering.
- g) Resolution No. 03-0149: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated July 23, 2003 and concurred with by the President of the Commission, to remove and replace pump motor starters at Crystal Springs Pump Station. The engineer's estimate is \$185,000.

REGULAR CALENDAR

- 11. Discussion and possible action related to a Memorandum of Understanding regarding the Pre-Feasibility Study for the Regional Desalination Project.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0150: Authorize the General Manager of Public Utilities to execute Amendment 1 to the Memorandum of Understanding (MOU) between East Bay Municipal Utilities District (EBMUD), Santa Clara Valley Water District (SCVWD) and SFPUC. The amendment is to include the Contra Costa County Water District (CCWD) to participate in the Pre-Feasibility Study for the Regional Desalination Project.

- 12. Discussion and possible action related to fund transfers to cover operating budget expenditures.

Mr. Bill Berry, Assistant General Manager of Business Services, stated the Fiscal Year ended on June 30, 2003. A review of the budget showed some items spent more money than was allocated and others spent less. This item for \$2.1 million in transfers reflected department needs.

Commissioner Caen asked about worker's comp and how often death occurs on the job. Ms. Therese Madden, Director of Human Resource Services, stated SFPUC has had one death in the last three years and that the increase was part of a statewide problem since weekly benefits increased.

Commissioner Caen brought up an issue regarding the budget of the City Attorney's Office (CAO). She noted that the item stated "the original budget did not include increased funding to support these ongoing services." She stated "if they are ongoing, SFPUC should anticipate what those costs are going to be." She stated she brought it up because it happens every year and noted there was a much greater increase in SFPUC's legal fees.

Ms. Martel explained that the CAO prepares a budget based on what they believe are going to be their costs based on their prior year's experience. She stated she had discussions with the CAO and the executive management team because the CAO had requested a substantial increase in next year's budget based on the CIP. At the time, she requested the CAO outline what the additional work was beyond the baseline budget. She stated a detailed-enough response was never received to justify the additional expenditures. She stated SFPUC based the budget on CAO estimates of their expenditures for the various projects they work on. SFPUC agreed to pay as they went for additional services above and beyond the baseline budget for anything related to the CIP, power projects or anything outside the norm of routine legal services. She stated last year there were power projects requiring high-level legal services that caused the increase in expenditures. She stated adjustments have been made and accounted for in this year's budget.

President Normandy commented that Ms. Martel approached the CAO budget issue well for this year's budget that was absent a complete projection. *President Normandy requested Ms. Martel take the discussions to the next level, have focused discussions with the CAO in the next 30-60 days, resulting in an open session with CAO present to address the issue.* He stated it was important to anticipate the CAO budget in light of the \$3.6 billion CIP.

Ms. Martel concurred. She stated in reviewing the details, the CAO had built in a sufficient number of resources to cover the baseline activities and things in which they'd be involved. As the CIP has just now started, the bulk of the work was related to environmental issues, for which the CAO had added sufficient legal hours. She stated there was an adequate budget to cover most of SFPUC's work and suggested that SFPUC track CIP activities to see how much more effort is being required for the CIP than for normal routine services.

President Normandy thanked Ms. Martel for the clarification and noted that the CAO was an essential team member for whom the SFPUC needed to provide the resources for the work needing to be done.

Moved by Commissioner Chen, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0151: Authorize the General Manager of Public Utilities to request the Controller to approve funds transfers in the amount of \$2,137,112 to cover expenditure overruns in the SFPUC operating budget for FY2003.

13. Discussion and possible action related to a reallocation of funds from project CENMSCTP06 to projects CENMSCNP01, CENMSCSP04, and CENMSCTP07.

Mr. Berry stated Items 13 and 14 were to provide funding for capital projects for the Clean Water Enterprise (CWE) not in this year's budget. The item would reallocate \$8.1 million from a proposed project from several years ago at the Southeast Water Pollution Plant. The project is not moving forward at this time until the Sewer Master Plan (SMP) is completed. The reallocated funds would be used for the identified projects.

President Normandy stated the Commission had received criticism in the past about fund transfers among projects. He stated when those decisions were made, the logic was that if funds were not going to be used, then they could be transferred, but at some point be able to be accessed when the project from which the funds were removed was revived. He asked if this was true for this item. Mr. Berry stated in this case, the funds would be used for a couple of projects. He stated when the SMP was complete, there would be a capital improvement program to meet needs and there would be funds put forward at that time for those projects.

Commissioner Costello gave the viewpoint that SFPUC has had a moral obligation and commitment to follow through on the Southeast Treatment Plant for a long time but that it is not moving ahead.

President Normandy requested that staff come back to the Commission when the SMP is complete, noting the \$8.1 million was taken away in order to fund other projects and that it would be put back in.

Commissioner Caen asked when the SMP would be finished. Ms. Martel responded that the SMP process was beginning to get underway. She stated the entire process would include an expansive public input and participation process and a review by the technical review committee before the program could be developed. She stated it would take a minimum of 18 months to complete.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

- Resolution No. 03-0152: Approve the reallocation of \$8,100,000 from project CENMSCTP06 -Southeast Water Pollution Control Plant (SEWPCP) Solids Handling Project to projects CENMSCNP01 – North Point Wet Weather Improvements \$500,000, CENMSCSP04 – Clean Water Comprehensive Plan \$3,000,000 and CENMSCTP07 SEWPCP Building 840 Improvements \$4,600,000.
14. Discussion and possible action related to a commercial paper program for the Clean Water Program.

M. Berry stated the item would provide the Commission's authorization to urge the BOS to pass the necessary documentation for creating a commercial paper program for CWE. He stated the commercial paper program initially would be used to fund ongoing projects that have already been approved and would lay the groundwork for the eventual capital improvement program for CWE. He stated the same way in which commercial paper was used to fund capital projects for the Water Enterprise (WE), and then later issuing bonds to retire the commercial paper would be done for CWE also.

Vice President Bhatt commented he was pleased to see the commercial paper program moving forward and commended the efforts made.

Commissioner Chen asked what the usual term for pay back was on commercial paper. Mr. Berry stated municipal commercial paper had a term of maximum maturity of 270 days. He explained the paper is issued; when the paper retires, it is sold for 30-45 days; and as it retires, a new piece of paper is sold to pay it off. He stated the program was designed to be a 5-year program and would require the Commission to reauthorize it.

Commissioner Chen stated a concern that there was authority in WE to issue bonds to refund it, but there wasn't authority in the CWE. He asked what would happen if it took 6 years to get a ballot measure on the board and get it passed and interest rates rose in the next 5 years making payments on commercial paper expensive. Mr. Berry clarified that there was authorization to issue bonds on CWE. He stated this commercial paper program was established under Proposition E, which authorized SFPUC to issue bonds and that the commercial paper would be issued pursuant to that authority. He stated the practice was to issue commercial paper as money was spent and that the commercial paper program could be reused.

Commissioner Caen stated it was understood that commercial paper was paid back with revenue bonds and asked Mr. Berry if he could speculate on interest rates. Mr. Berry stated interest rates were very low today at 1-2% on commercial paper. He further stated the economy was slow, and that rates should continue to

be moderate for a while. He stated it depended on the economy, and if the economy were to go up, interest rates most likely would also.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0153: Urge the Board of Supervisors (BOS) to authorize the establishment of a commercial paper program for the Clean Water Program in an amount not to exceed \$100,000,000; urge the BOS to amend San Francisco Administrative Code Chapter 43, Section V to give effect to the provisions of Proposition E; and, delegate to the General Manager of Public Utilities, in consultation with the City Attorney, authority to take any and all necessary action expeditious to the establishment of a commercial paper program for the Clean Water Program.

LEASES AND PERMITS

15. Discussion and possible action related to a land transfer to Midpeninsula Open Space District.

Moved by Commissioner Chen, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0154: Authorize the General Manager of Public Utilities to prepare and submit legislation to the Board of Supervisors to accommodate the conveyance of a 5,162 square foot parcel of land located in San Carlos, County of San Mateo, to the Midpeninsula Regional Open Space District.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. CW-345.

Commissioner Caen inquired why the item was not on the Consent Calendar. Mr. Manfred Wong, PMB Project Manager, stated it was his understanding that the Consent Calendar was reserved for repair & replacement projects and sewer main projects and that projects that didn't fit in those two categories were on the Regular Calendar.

Ms. Martel stated the policy could be revised regarding the threshold of the dollar amount, if the Commission would like.

Commissioner Caen stated she brought it up because today's Consent Calendar had projects over \$2 million.

President Normandy stated he thought Ms. Martel's suggestion to revisit the policy on items in the Consent Calendar was a good one. *He requested the General Manager review the policy and see how it might be amended for the next meeting or beyond.* Ms. Martel agreed to do so.

Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0155: Award Contract No. CW-345, Tennessee Street BCDC Improvements, in the amount of \$164,500 to Esquivel Grading and Paving.

17. Discussion and possible action related to Contract No. CW-314.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0156: Award Contract No. CW-314 Outfall Repairs at Various Locations, in the amount of \$408,560 to Bamer Construction.

Amend

18. Discussion and possible action related to Project No's. CUW220 and CUW218 and Contract No. WD-2337.

Moved by Commissioner Caen, seconded by Commissioner Costello, to continue item 18 to the call of the General Manager; passed (5-0) unanimously.

Staff Recommendation: Approve a transfer of funds in the amount of \$560,000 from Project No. CUW220 – Calaveras Dam: Seismic Evaluation, to Project No. CUW218 – Harry Tracy Water Treatment Plant Improvements, to fund completion of this project.

Approve Modification No. 5 to Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening, increasing the contract by \$200,592, for a total contract amount of \$10,351,003, and extend the contract duration by 409 consecutive calendar days for a total contract duration of 739 consecutive calendar days.

Close

19. Discussion and possible action related to Contract No. CW-204R.

Moved by Commissioner Chen, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0157: Accept work performed for Contract No. CW-204R, Southeast Water Pollution Control Plant – Building 062 Improvements, approve Modification No. 2, decreasing the contract by \$11,900, for a total contract amount of \$1,044,116, and with a time extension of 42 consecutive calendar days for a total contract duration of 292 consecutive calendar days; and authorize final payment of \$22,354 to Millard Tong Construction Company.

20. Discussion and possible action related to Contract No. WD-2331.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0158: Accept work performed for Contract No. WD-2331, Sutro Reservoir Erosion Control, approve Modification No. 2 (final), decreasing the contract by \$17,992.40, for a total contract amount of \$1,658,520.60, and with a time extension of 116 consecutive calendar days for a total contract duration of 306 consecutive calendar days, and authorize final payment of \$55,818.60 to Mitchell Engineering, Inc.

21. Discussion and possible action related to Contract No. WD-2344.

Mr. Howard Fung, UEB Project Manager, stated the item was a closeout construction contract for the Forest Hill Steel Tank Replacement project. The original steel tank was built in 1926 and the project was to replace the leaking tank. The closeout requested a time extension to modify the corrosion protective system of the steel tank.

Commissioner Caen commented that 470 days was a lot of time. Mr. Fung stated it was an addition of 196 days time extension to the original 274 days. President Normandy stated he thought Commissioner Caen's comment was that the total of 470 days was quite an extended period of time for a project.

Mr. Fung stated the time extension was for the UEB staff to evaluate the system. The project involved material procurement and installation of additional anodes,

with initialization and calibration of the system for a burn-in period of the system to work. He stated the system needed to be running before the project and contract were finalized, therefore, additional time was requested to cover the work.

Commissioner Costello stated for the record his concern regarding extensions on programs. He related that in the private sector, when a contract was taken for a certain amount of days, the project was completed, and it was not customary to come back for extensions time after time.

President Normandy shared the sentiments of Commissioner Costello. He stated when exorbitant amounts of time are used to complete a project, this bears additional watching. He thought this would not be a retroactive review; rather that projects in the future that generate lengthy extensions should be looked at more closely. Mr. Fung stated the time extension was to improve the system overall and to benefit the project.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (4-1). Vice President Bhatt voted no.

Resolution No. 03-0159: Accept work performed for Contract No. WD-2344, Forest Hill Steel Tank Replacement, approve Modification No. 2 (final), decreasing the contract by \$4,926.82, for a final contract amount of \$1,068,058.18, and with a time extension of 196 consecutive calendar days for a total contract duration of 470 consecutive calendar days, and authorize final payment of \$42,773.18 to Mitchell Engineering, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Letter(s) of Credit for the Clean Water Program Tax-Exempt Commercial Paper Program.

Mr. Berry stated Item 22 was related to Item 14 for which the Commission approved authorizing the creation of a commercial paper program for CWE.

Commissioner Caen stated she thought there was a firm on board for commercial paper. Mr. Berry stated there was a commercial paper letter of credit bank on board for the WE Commercial Paper Program. He explained this was a new program authorized by the Commission to be brought to the BOS to authorize a commercial paper program for the CWE. He stated there would have to be separate banks through separate securities as WE and CWE were legally separate enterprises requiring the process be done twice.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0160: Authorize the General Manager of Public Utilities to advertise and request proposals for Letter(s) of Credit for the Clean Water Program Tax-Exempt Commercial Paper Program, at an aggregate annual cost not-to-exceed \$500,000; receive proposals for said letter(s) of credit (or other acceptable form of liquidity and/or credit enhancement); interview (if deemed desirable or necessary) and conduct a selection procedure to identify the best qualified firms to provide such letter(s) of credit for the Clean Water Program Tax-Exempt Commercial Paper Program; and negotiate and execute a Letter of Credit and Reimbursement Agreement(s).

23. Discussion and possible action related to Agreement No. CS-729.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0161: Authorize the General Manager of Public Utilities to advertise and request a proposal for CS-729, Financial Advisory Services, at an estimated cost of approximately \$500,000 for a duration of three (3) years; to receive proposals from interested firms and individuals; to conduct a competitive selection process to identify the most highly qualified firm(s) or individual(s) to perform the requested scope of services; and to negotiate a professional services agreement(s) with the selected firm(s) or individual(s) to provide the requested services.

Award

24. Discussion and possible action related to Agreement No. CS-727.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0162: Approve the selection of Banc of America Securities LLC, Lehman Brothers, JPMorgan Securities, Inc. and Morgan Stanley Pool-1 and Jackson Securities and Backstrom McCarley Berry & Co., LLC to Pool-2 to provide commercial paper dealer services for

Agreement No. CS-727, Commercial Paper Dealer Services in connection with the Water Enterprise's commercial paper program and the Clean Water Enterprise's commercial paper program, and authorize the General Manager of the San Francisco Public Utilities Commission to execute dealer agreements with the above-named firms.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.

There were none.

26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Commissioner Costello, to assert the attorney-client privilege; passed (5-0) unanimously.

President Normandy recessed the meeting at 3:08 P.M. for a break.

The Public Utilities Commission met in Closed Session at 3:23 P.M. to discuss the following matters:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, General Manager of Public Utilities Patricia E. Martel, Commission Secretary Mary Jung, and Deputy City Attorney John Roddy.

Existing Litigation: Bellaire Tower Homeowners Assoc., et al. v. City and County of San Francisco, San Francisco Superior Court (Unlimited Jurisdiction) Case No. 402-355

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0163

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, General Manager of Public Utilities Patricia E. Martel, Commission Secretary Mary Jung, and Deputy City Attorney John Roddy.

Existing Litigation: Nghia Van Huynh, Claim No. 03-04268

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0164

Following the Closed Session, the Commission reconvened in open session at 3:24 P.M.

29. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Chen, seconded by Vice President Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 3:25 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL (415) 554-3155 • FAX (415) 554-3161



NOTICE OF PUBLIC HEARING DOCUMENTS DEPT.

WILLIE L. BROWN, JR.
MAYOR

E. DENNIS NORMANDY
PRESIDENT

ASHOK KUMAR BHATT
VICE PRESIDENT

ANN MOLLER CAEN
JEFFREY A. CHEN
ROBERT J. COSTELLO

PATRICIA E. MARTEL
GENERAL MANAGER

Tuesday, August 12, 2003

1:30 P.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place
San Francisco, California

JUL 25 2003

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PUBLIC LIBRARY

Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing for the purpose of considering the proposed updated Long-Term Capital Improvement Program, updated Long-Range Financial Plan and updated Long-Term Strategic Plan for review and possible adoption.

In May 2002, the Commission adopted a Long-Term Strategic Plan, a Capital Improvement Program and Appendices and a Long-Range Financial Plan. At the time, the Commission also adopted a policy that these documents be updated and approved annually. A Charter amendment approved by the voters in November 2002, known as Proposition E, requires the Commission to annually hold public hearings to review, update and adopt these documents. Further, Assembly Bill 1823, enacted in September 2002, requires the Commission to annually report to the Joint Legislative Audit Committee, the Seismic Safety Commission and the State Department of Health Services on or before September 1 of each year describing the progress made on the implementation of the Capital Improvement Program.

All interested parties are invited to attend the public hearing and present their views. Persons who are unable to attend the public hearing may submit to the SFPUC, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 11th Floor, San Francisco, CA 94103.

Mary Y. Jung
Secretary



WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

WILLIE L. BROWN, JR.
MAYOR

E. DENNIS NORMANDY
PRESIDENT

ASHOK KUMAR BHATT
VICE PRESIDENT

ANN MOLLER CAEN
JEFFREY A. CHEN
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PATRICIA E. MARTEL
GENERAL MANAGER

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL. (415) 554-3155 • FAX (415) 554-3161



NOTICE OF CANCELLATION OF PUBLIC HEARING

Tuesday, August 12, 2003
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, California

Notice is hereby given that the San Francisco Public Utilities Commission has cancelled the public hearing for considering the proposed updated Long-Term Capital Improvement Program, updated Long-Range Financial Plan and updated Long-Term Strategic Plan for review and possible adoption.

This Public Hearing will be re-noticed for September 23, 2003. Please check the web site (www.sfwater.org) for updates or call the Commission Office at (415)554-3165.

Mary Y. Jung
Secretary

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AUG - 8 2003

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

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AGENDA REGULAR MEETING

SAN FRANCISCO
PUBLIC LIBRARY

August 12, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Capital Improvement Program Update
 - b) Project Pull Status Report
 - c) Semitropic Water Storage District Update (Carlin)
 - d) Reservoir Report (Barry)
 - e) Water Infrastructure Partners Audit (Kelly)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-291, 19th / Eureka / Castro Streets Sewer Replacement, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$927,170.
 - b) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2366, Scott Street 8-Inch Ductile Iron Main Installation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$1,156,350.
 - c) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2377, Mason, Chestnut and Valparaiso Streets 8-Inch Ductile Iron Main Installation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$552,300.
 - d) Staff Recommendation: Accept work performed for Contract No. WD-2322, Key Motorized Valves, approve Modification No. 2 (Final) decreasing the contract by \$41,016.62, for a total contract amount of \$1,874,616.44; and authorize final payment of \$22,581 to A. Ruiz Construction Co. & Assoc., Inc.
 - e) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated July 23, 2003, and approved by the President of the Commission, to repair Early Intake Switchback Road (Contract No. HH-908-E). The engineer's estimate is \$2 million.

REGULAR BUSINESS

10. Discussion and possible action related to: (1) issue and advertise RFP for design/build of solar power plant, (2) authorize energy efficiency project, and (3) accept low-interest CEC loan. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to issue and advertise a Request For Proposals (RFP) to undertake the design and construction of a solar power plant at the SFPUC's Southeast Water Pollution Control Plant (SEWPCP). This is the second installation of solar power generators in the City's Solar Energy Program. Authorize the SFPUC to work with SEWPCP on an energy efficiency project. Authorize the SFPUC to accept a low interest loan from the California Energy Commission to support the project.

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to Contract CW-344. (Keaney)

Staff Recommendation: Award Contract No. CW-344 Trailer Truck Weighing Scale, in the amount of \$136,000 to Schram Construction.

Amend

12. Discussion and possible action related to Contract No. CW-290. (J. Wong)

Staff Recommendation: Approve Modification No.1 to Contract No. CW-290 (Howard St. Outfall Butterfly Gate Valve Replacement), increasing the contract by \$55,000 for a total contract amount of \$160,900, (and extending the contract by 40 consecutive calendar days, for a total contract duration of 400 days).

PROFESSIONAL SERVICE CONTRACTS

Amendment

13. Discussion and possible action related to Agreement No. CS-672 D. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute Amendment No. 1 to Agreement No. CS-672 D, the "Recycled Water Master Plan Update and Environmental Review" dated January 21, 2003 with ESA + Orion, a joint venture. Amendment No. 1 will provide for public outreach activities, the analysis of additional major potential users, the feasibility of using the Auxiliary Water Supply System, and a time-extension of five months and for a \$243,000 increase in the contract amount for a total amount not to exceed \$733,000.

14. Discussion and possible action related to Contract No. CS-672 E. (Carlin)

Staff Recommendation: Approve Amendment No. 1 to Contract CS-672E, Supporting Environmental Technical Studies for the SFPUC Regional Water System CIP with URS Corporation, and authorize the General Manager of Public Utilities to execute Amendment No. 1, increasing by \$309,006 the amount of compensation for wholesale customer demand projections task. The total contract value will be increased to \$1,009,006 from \$700,000. The amendment will extend the contract 5 months for project completion by March 2004.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.

16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: California State Automobile Association as Subrogee for Duk Sung Lee; Unlitigated Claim No. 03-04015

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

18. Announcement following Closed Session.

19. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

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SEP 12 2003

August 12, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

3. Approval of Minutes

There were no minutes to approve.

4. Communications

President Normandy requested to confer with Patricia E. Martel, General Manager of Public Utilities, after the meeting regarding a letter from former SFPUC Commissioner Sal Salma.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

Commissioner Caen stated she'd received a letter from the San Francisco Dental Society communicating the concept that many dentists don't think that the dental mercury is dissolving in the San Francisco Bay. *Commissioner Caen requested staff provide information on whether it does or not, and the other sources adding mercury level in the Bay.*

7. Report of the General Manager

- a) Capital Improvement Program Update

Ms. Martel provided an update about the scheduling for action by the SFPUC Commission on the Capital Improvement Program (CIP). She stated that a public hearing, offering the public an opportunity to comment on the changes that have occurred in the CIP for the water system since it was approved by the Commission in May 2002, originally scheduled for today had been cancelled. The notification requirements stipulated in AB 1823 require 30-day public notification.

Ms. Martel reviewed the revised schedule. She stated copies would be available by the end of the week of the draft documents—the Long Range Financial Plan, the CIP documents related to projects, as well as the executive summary. She stated

the documents would be transmitted to the Bay Area Water Supply and Conservation Agency (BAWSCA) for review.

Ms. Martel announced the public hearing would be September 23, 2003 and that the Notice of the Public Hearing would be sent out on August 21. She stated that during the 30-day period, public review copies of the documents would be made available, the documents would be posted on the SFPUC website for public access, and a press release on the revised schedule would be made.

Ms. Martel stated another AB 1823 requirement was the transmittal of certain documents by a September 1 deadline. The primary report is the Progress Report on the CIP to the State Legislature and Department of Health Services (DHS) which outlines the progress made in the year since AB 1823's passage, a review of the November 2002 bond measure and the subsequent work. A cover letter is to be included informing the recipients of the upcoming public hearing. She stated these same items would be reviewed at the September 23rd public hearing. The Emergency Response and Recovery Plan (ERRP) also has to be adopted before September 1. The draft ERRP was completed on June 30th and meetings were held with the various stakeholders, including DHS, BAWSCA, the City's Office of Emergency Services (OES) and Regional OES. She stated all comments received would be incorporated in the final document and reviewed with the Commission for action at the August 26 Commission meeting. Ms. Martel stated that SFPUC would meet all the deadlines required by AB 1823.

President Normandy asked if the notice could be sent out earlier than August 21, to curtail the delay and speed the process. Ms. Martel responded the public notice needed to be coordinated with the availability of the documents and could not precede them.

b) Project Pull Status Report

Ms. Martel introduced Project Pull, a San Francisco student summer internship program which provides paid professional experience in City government to high-achieving minority high school students in 11-12th grades with career interests in engineering, architecture, business or sciences. The mentorship program was cofounded by Mr. Harlan Kelly, Assistant General Manager of Infrastructure, and the late Robert Mason and began in 1995 as a pilot program in the Department of Public Works (DPW). The program has been successfully employed at DPW, Department of Building Inspection, the Port, Muni and SFPUC—this year with SFPUC participating to a greater degree and sponsoring 14 interns. This summer, SFPUC provided office space for Project Pull administrative staff at 1155 Market Street. During the 9-week internship, the students received mentoring from staff in the CCSF agency of placement. This year, SFPUC interns were assigned to Utilities Engineering Bureau, Information Technology Services, Bureau of Environmental Regulation Management, Health & Safety, the Southeast Facility,

Communications, and Energy and Power. Ms. Martel introduced team leaders Ms. Crezia Tano, Ms. Krishana Anderson and Mr. Eric Chow.

Ms. Tano presented an overview of Project Pull stating the program's success made its population triple from 1995 to 1997. Because of growth, the budget doubled by 1997. She acknowledged the founders of the program and Program Director Nancy Serrano. She stated the team leaders, all college students, supervise interns and organize events. In addition to working in CCSF agencies, interns participate in enrichment activities, receive college and financial counseling, gain experience at construction sites, as well as volunteer with organizations such as St. Anthony's and DPW district cleanups. Each year, there is a design competition that exposes interns to real-life teamwork situations. This year's competition offered four concepts and provided \$70-500 scholarships to the winning teams. Each participating student received \$100. Ms. Tano stated Project Pull primarily receives funding from the public sector from City Departments and secondarily from the private sector from engineering consultants and companies that donate funds for the design competition. She concluded her presentation noting that the program was in its 9th year and has graduated 324 interns with a total funding of \$1.3 million.

President Normandy commented that he hoped the project was a productive and learning experience. Commissioner Caen commented it was an enlightening presentation.

Ms. Martel announced that the Project Pull graduation ceremony for this year would be on August 14 from 6:30-8:30 P.M. at the Port Offices -- Pier 1. She stated the Mayor would deliver the congratulatory remarks and invited the Commission to attend.

c) Semitropic Water Storage District Update

Mr. Michael Carlin, Manager of Strategic & Systems Planning, referred to an extensive memorandum submitted to the Commission on the subject. He stated the Semitropic Water Storage District (SWSD) water bank is located near Bakersfield. The location of SWSD posed two questions: 1) how would SFPUC get water there, and 2) what water would SFPUC use. To answer the first question he further questioned how SFPUC would use facilities that are owned or controlled by the State Water Project (SWP) or the Central Valley Project (CVP). He stated SWP water infrastructure projects take water from the Delta and transport it to Southern California and CVP water travels from Shasta Dam to the Central Valley. He stated SFPUC would have to move the water through SWP or CVP facilities and that there was an associated cost and a prioritization of usage. He stated SFPUC had been investigating the operational difficulties. To answer the second question he stated, based on SFPUC's analysis, it was highly unlikely that Hetch Hetchy water could be used. He stated SFPUC would have to go look for a source of water to bank.

Mr. Carlin detailed some of the operational complexities. He stated SFPUC was a CVP contractor and not a SWP contractor. As such, to go through the SWP controlled Delta, SFPUC had no priority to use State or Federal pumping plants, therefore would be constrained. He stated another complexity was getting water back into the SFPUC system, which would be done through the South Bay Aqueduct, which was part of SWP and used currently by 3 customers—Zone 7, Alameda County Water Department (ACWD) and Santa Clara Valley Water District (SCVWD). He stated SFPUC had been analyzing the plusses and minuses of the arrangement. The minuses were the distance and SFPUC's ability to move its water into the system and get it back through an in-lieu transfer. He explained SFPUC would deliver water to SWSD and the buildup of their groundwater basin would become SFPUC's exchange water. He stated the complicated arrangement would involve SFPUC exchanging the SWSD water for SWP water in the Delta and taking that allotment and transferring it into the SFPUC system.

Mr. Carlin displayed the existing partners. He stated Phase 1 had already been subscribed to and Phase 2 was where the proposal would go in. He pointed out to the Commission that 3 of the agencies in the Phase 1 development were in the Bay Area and were the Southbay Aqueduct contractors of SWP. He stated preliminary discussions with them pertained to whether they were going to use all of their capacity. He stated they were interested in talking to SFPUC about that and the possibility of an exchange with ACWD, SCVWD or Zone 7. He stated different opportunities had arisen since the proposal was put out and SFPUC wanted to explore those possibilities. Another possibility SFPUC would like to explore is structuring something with its partners on the Tuolumne River.

Mr. Carlin concluded that today's report was to bring the Commission up to date on the SWSD discussions. He stated the discussions had been long and that SFPUC needed to give SWSD an answer. Mr. Carlin further stated it was hoped that information provided today would move the dry-year water issue in the direction of considering additional opportunities to include talking with Bay Area users of the SWSD water bank, exchange possibilities and talking to Tuolumne River partners.

Public Comment:

Mr. Wilmar Boschman, General Manager of SWSD, stated SWSD had been operational taking water in and out since 1995. He stated the SWSD board had approved expansion of the program and that the proposal being discussed today was based on that capacity.

Mr. Boschman stated SWSD had been talking with SFPUC about its dry year needs for over a year. He stated when the RFP came out, SWSD was confident they could meet the needs and understood they were the only one that met the criteria. He stated there had been numerous meetings with SFPUC staff, documentation had been submitted and the process was at a cross-roads. He

stated the SWSD board had spent a lot of money and time to make the proposal work and was willing to do more.

Mr. Boschman stated he was able to review Mr. Carlin's August 12 memo. He stated SWSD agreed with the pro statement in the memo that stated, "SWSD can meet the dry-year supply." He stated SWSD was ready to go to construction on the project and a design-build team of 9 firms had been selected. Construction is set for the first of the year and financing is expected before the end of year. He stated water could be taken in next year based on the original program and that capacity was available. He stated there were accounts that were filled up, that SWSD had the right to use the unused capacity for other purposes, and that the SFPUC proposal would fit into that option. He stated the water currently in storage could be sold on the market and could be transferred out in the name of San Francisco at any time.

Mr. Boschman stated SWSD had flexibility as they were part owners of the current water bank and other facilities in the area. He hoped that the costs in the report would not drive the decision-making as costs were continually changing. He stated the design-build team was currently working on cost detailing and they had come down significantly. He stated SWSD was part of the record of decision and listed as a project, and were actively looking for State grants and the Federal grant program for Calfed. He stated grant money would be directly passed on to any participant in the program and the cost would be reduced.

Mr. Boschman stated SWSD would like some understanding of where it stands in regard to the alternatives mentioned. From the report, he gathered there could be considerable delay in looking at other options, possibly years, before a decision was reached. He suggested, without discussion with SWSD staff due to recent receipt of the memo, that the SWSD board would be open to enter into a 5-year demonstration agreement, in which SWSD would take water in on behalf of SFPUC, keep it in storage, and assure that the water be returned under some conditions after 5 years. He stated if other alternatives were chosen, payment of ongoing costs and services would need to be paid up to that point. He stated the CEQA process could be abbreviated because it would be called a demonstration agreement. He related that other participants had done this in the past for a short-term arrangement to see how the program works, and for SWSD to work through complications. He stated it wasn't a simple matter of moving water to and from as many people needed to be in agreement. He requested an MOU or something like it with principles that were agreed to in the 5-year agreement within the next 45 days. He stated this would provide SWSD with some direction about receiving water and assuring SFPUC that water could be returned in 2005. He explained that water had to be in storage before it can be taken out. Mr. Boschman invited the Commissioners to visit and stated the SWSD board offered tours of the program.

President Normandy thanked Mr. Boschman and SWSD staff for their time and explorations of possibilities. He stated the Commission ranked water storage very

high, noting that an additional 20% water was needed to fulfill SFPUC obligations. He stated the costs were not the issue and recapped the two issues raised by staff: 1) finding proper water sources for SFPUC to bank and seeking closer water sources nearby, and 2) shipping water 250 miles south, paying fees involved, and having low priority status to use the aqueduct facilities.

Vice President Bhatt opined further negotiation with SWSD was needed to be able to make conclusions about dry-year supply. He stated concern about projecting into the future and taking precaution in decision-making in order to protect the 2.5 million people who need SFPUC water. He stated approval for a short-term 5-year contract; and, if the Commission found it viable, to extend the contract for a longer term. He stated the distance of 250 miles from San Francisco was an operational issue that needed much examination.

Commissioner Chen inquired about the Westside Basin Groundwater Storage Project being a viable option. Mr. Carlin stated the project was in a study mode. He stated SFPUC had been advancing water to Daly City, South San Francisco and San Bruno to stop them from pumping groundwater. He stated it was an in-lieu transfer that was working and posed a viable option of using SFPUC water for dry-years as well as for customers. He stated this was an opportunity that didn't exist 2 years ago and that there were a lot of opportunities to pursue simultaneously.

Commissioner Caen asked where SFPUC would get the water for storage. Mr. Carlin stated the water would come from the Delta as a transfer backwards. Delta water would come in through Delta pumping plants and be transferred into the South Bay Aqueduct. The water would come into one of two locations. SFPUC has connections into the SWP from the last drought, one being the back end of the San Antonio Reservoir. From there the water would be taken into the Sunol Valley Treatment Plant, treated, and put into the SFPUC distribution system.

Commissioner Caen stated the proposal was banking for a drought year, noting the banked water would not be used under normal circumstances. Mr. Carlin stated an analysis of SFPUC's hydrologic cycle and needs had been done and was built into the cost. He stated banked water might be needed 2 out of 10 years, therefore, the return cycle was considered for pricing. He stated it was difficult to predict how often the water would be needed and that the investment in banking the water was 250 miles away. He stated he was not ruling out SWSD, but wanted to expand the conversations to include current Bay Area banking partners and discuss the possibility of an exchange with them to use part of their account as a subaccount. He stated this would be much easier and cleaner. He stated it was an interesting proposition that had not been considered when SFPUC put out the RFP.

Commissioner Caen asked if the 6 districts shown on the chart were banking currently. Mr. Carlin stated they were.

Commissioner Caen asked where they got their water supply for banking. Mr. Carlin stated Zone 7 used SWP and groundwater; ACWD used SWP, imported SFPUC water and groundwater; and SCVWD used SWP, CVP and groundwater. He stated they all bank water, and when it can't be banked and there was excess, they try to put it somewhere else. He stated as State water contractors, the system worked well for them, but as the SFPUC was not, it couldn't participate.

Commissioner Caen related she had been reading about the effects of global warming on the Sierras and how the snow mass was lessening and how there was going to be more rain because of a warmer climate. She stated it had been suggested, because of these conditions, that water managers move forward to collect the increased rainwater. For SFPUC, this would mean more storage. She asked if the SFPUC reservoirs could be the solution for more storage. Mr. Carlin responded that it was one of the options considered for the Calaveras Dam Project. He stated if the dam was replaced, there might be an option to increase its size to store dry-year water. He stated currently the reservoir was about 100,000 acre-feet. If it was projected up to a potential 400,000 acre-feet, wet-year water could be stored in Calaveras to become the dry-year supply instead of banking with SWSD. He stated more analysis was needed regarding the option. He noted the existence of the Westside Basin Aquifer as a local opportunity for groundwater storage. He stated SFPUC wanted to have discussions with other water districts regarding opportunities in the Bay Area as it was felt that it was important during emergencies and droughts that the water be in the Bay Area.

Commissioner Caen asked if the proposal was for San Francisco only or included SFPUC's regional customers. Mr. Carlin responded SFPUC was partnering with South San Francisco, San Bruno, and potentially with ACWD. He mentioned the intertie project with the City of Hayward and East Bay Municipal Utilities District to demonstrate there was a lot of partnering within the service area that began in the last 18 months–2 years that didn't exist in the past.

Commissioner Caen asked if it wouldn't be known there was going to be a drought and to then move into storing water. Mr. Carlin replied that every year, SFPUC looked at the snow pack and made predictions about what kind of year it would be, known as a classification of the water year. If it was known that SFPUC was heading into a drought, it could start taking precautions such as voluntary rationing and purchasing a dry-year supply. He stated SWSD was lining up an option, as was the Westside Basin Aquifer.

President Normandy commented it was long-term insurance as opposed to short-term and that it was important to explore as many options as possible—both short-term and long-term. He stated the point that was significant was the avenues and discussions that have opened to the SFPUC in the last 18 months. In regard to the other Bay Area districts, he asked if they had the same problems in a drought year as SFPUC, would SFPUC be able to get water from them, or should SFPUC be banking for the long-term with SWSD. Mr. Carlin stated that was part of the

discussion SFPUC wanted to have with Bay Area districts. He stated SFPUC would like to have their drought-planning cycles and to see if they oversubscribed. If this were true, SFPUC could buy at a different level, do exchanges or tie systems together cooperatively. He advocated for integrated planning amongst all the utilities as all the agencies have a dry-year issue. He stated the issue could be solved individually, but working and planning together could solve the Bay Area's issue, which was a different perspective on the issue.

Mr. Boschman responded to Commissioner Caen's question about the source of water. He stated the program worked by being ready to take wet-year water and putting it into storage for a dry-year supply. He shared that SWSD was connected to CVP, SWP the Northern Central Valley Project and the Kern Unit as options for getting wet-year water that is unused and putting it into storage. He stated the thing to remember about groundwater storage was, that to affect any exchanges in dry years when everybody holds on to what they have for a dry-year, exchanges become very difficult.

President Normandy stated if SFPUC was suffering from a drought, everyone else would be also. He wanted to know if SFPUC could draw from others' sources. Mr. Boschman stated that SWSD was suggesting that SFPUC acquire the first right to capacity because the water was there and SFPUC would know it had water. He stated that first right to capacity was allocated contractually and there was a provision that if others weren't using that capacity then another could use it.

President Normandy asked about the 10% deduction and what it covered. Mr. Boschman stated it was a combination and SWSD's Environmental Impact Report allowed 10% for transportation losses that included evaporation, some percolation to nonrecoverable groundwater and aquifer losses.

Vice President Bhatt asked about the groundwater storage possibilities and capacity at Westside Basin Aquifer. Mr. Carlin stated SFPUC was still trying to estimate that, but had a potential 75,000 acre-feet, which was a significant amount of storage.

Vice President Bhatt stated if there was 300,000 acre-feet at Calaveras and 75,000 acre-feet at Westside, that would total 375,000 acre-feet. He asked what the region's need was for a dry year. Mr. Carlin stated he did not have the number, but could get it.

Vice President Bhatt asked how long it would take to get Calaveras and Westside together for 375,000 acre-feet of ground storage. Mr. Carlin stated Calaveras was a surface water project that was part of the CIP and would move along on a 10-year schedule. He stated Westside had been in a study mode for the past 18 months-2 years.

Vice President Bhatt stated for the Calaveras and Westside option there would be a 10-year wait for storage. He inquired if SWSD was able to start today. Mr. Carlin answered that SWSD was ready to go to construction, which would take a couple of years. He stated SFPUC would have to put water down there before it could be taken out. He stated, based on analysis, it would not be possible for SFPUC to get all its water in one year and the in-lieu transfer could only be done during irrigation season. He stated there were many questions about using other people's unused capacity and the timeline by which water could be taken out.

Vice President Bhatt asked what the total dry-year water storage need was. From his calculations he surmised that 375,000 acre-feet was not enough and that the facilities were not covering SFPUC's problem. He stated SFPUC had already invested 18 months with SWSD, but wanted to know if there were other companies in the area that would compete for the project and offer some other deal. Mr. Carlin replied he thought there were other companies.

Vice President Bhatt stated he was asking his questions in the interest of the 2.4 million users of the system and in protecting them during dry years. He felt that solutions would be found by bringing forth the issues.

Mr. Carlin explained that SWSD was the only respondent to the RFP. He stated approximately 1 year ago, the Commission directed staff to negotiate and perform due diligence with SWSD. He stated he was updating and reporting to the Commission what had been done. To Vice President Bhatt's question on if SFPUC went back out to advertise would there be different respondents, he answered he thought there would be and that staff had also presented some other opportunities that were not known or explored 18 months ago. He stated staff wanted to explore other options in moving forward on dry-year supply, as SWSD may not be the only option, with the Westside Basin Aquifer, Calaveras Dam, and other Bay Area utilities offering potential solutions to dry-year issues. He stated Mr. Boschman was correct in looking for direction, not closure, from the Commission on exploring opportunities.

Mr. Boschman commented that things take a long time in the water business because they are complicated. He stated SWSD currently had water in storage that they bought and could resell this year. He stated SWSD could put 5,000-10,000 acre-feet in the SFPUC account this year and would guarantee a return next year if it were a dry year because SWSD had the capability and flexibility of doing that as they reserve some capacity for other things. He thought this option could be implemented now though construction would take 2-3 years. He stated the key was to work out the 5-year agreement. He stated he was offering the proposal without posing it to the SWSD board, but believed they would be open to it.

President Normandy remarked this was all new to the Commission and staff as it was just offered. He commented it behooved the Commission to exercise their due

diligence to explore the other options presented by staff. At the same time, he felt the new proposal of a 5-year demonstration agreement, that could shorten the CEQA process, was worth consideration. To both staff and SWSD, he posed the question of what would be a reasonable timeframe to explore this possibility and then come back to the Commission jointly to vote on the proposal.

Ms. Martel stated SFPUC needed to meet with all the principles and talk about the 5-year demonstration agreement that was just offered. She stated that a reasonable timeframe for discussions and a proposal to the Commission would be within 30-45 days. She stated at that point, there would be more clarity on the options discussed today. She stated that discussions Mr. Carlin outlined could be pursued with other water agencies to have a better sense of the viability of other options if the new SWSD proposal does not work, or if it was one of several different options. She stated what was clear from today's discussion was that there was no single answer to the storage capacity that SFPUC needs. She stated SFPUC might like to see an increase in capacity at Calaveras to 300,000 acre-feet, but there was no guarantee it would occur. She stated the agency needed to look at all the different options.

President Normandy emphasized there was no single solution to the need for finding water storage. He asked if 30-45 days was reasonable. Mr. Boschman requested 45 days. President Normandy announced, as an informal agreement, that in 45 days both parties come back to the Commission. He directed staff to present recommendations for multiple answers to SFPUC's water storage situation, and specifically address how SWSD might be involved. The Commission and Ms. Martel were in accordance.

Public Comment:

Mr. Art Jensen, General Manager of Bay Area Water Supply and Conservation Agency, stated it was a great discussion to witness and he was encouraged by it. He commented on two water-quality issues in the memo. The first issue was with taking water out from Bakersfield and delivering it to people and the second issue was with taking Delta water and putting it in the system. He stated BAWSCA, in conjunction with DHS and SFPUC staff, had just completed a study of the water quality issues associated with putting Delta water into the SFPUC system and treating it in existing facilities. He stated one of the results of the study was that SFPUC could meet current and anticipated standards for the next 3 years with its current facilities. He spoke about the costs associated with upgrades to Sunol Treatment Plant and that they were not costs in the existing CIP nor current costs associated with the treatment designs to make the plant flexible enough to treat Delta water. He stated BAWSCA would be interested in looking at that with SFPUC staff. As for the 5-year demonstration agreement, Mr. Jenson commented that SFPUC might be looking for a longer commitment of a different nature. Regarding the Westside Basin Aquifer and its potential 75,000 acre-feet of storage capacity,

he encouraged SFPUC not to mentally appropriate it for San Francisco, as others might have a different view of the basin.

President Normandy thanked Mr. Jensen for his comments. He commended Mr. Carlin, Ms. Martel and staff for being responsive to the key issue of water storage. He thanked SWSD for their patience. He reiterated there was no single solution.

d) Reservoir Report

Mr. Kevin Barry, Manager of City Distribution Division, reported on reservoir capacity and the status of the reservoirs in San Francisco. He began his report by detailing the origin of the water and how the water feeds into the reservoirs. He stated between all the reservoirs, there were 3 Billion Gallons, which included some nonpotable water and there was also about 400 Million Gallons (MG) of reservoir storage in San Francisco.

Mr. Barry displayed a map outlining the transmission lines coming from the Peninsula and feeding into the City. A larger map of the City displaying the reservoir zones was also shown. Mr. Barry explained that the zones were based on elevation and feed different areas of the City.

Mr. Barry explained there were 413 MG of water in the reservoirs and tanks and that 327 MG were in Merced Manor, University Mound and Sunset Reservoirs. He explained the three reservoirs could back feed to the Peninsula, leaving 86 MG for the rest of San Francisco. Mr. Barry stated that 413 MG was equivalent to 4-5 days of normal use.

Mr. Barry stated that the following factors could reduce availability: 1) some reservoirs were in various states of repair and were partially out of service, 2) distribution lines could be affected by a severe event, 3) a severe emergency in the regional system could affect water supply to the City, 4) associated water quality problems, and 5) the amount of water in storage at the time of an emergency.

Mr. Barry outlined the options for back feeding from regional reservoirs to Peninsula: 1) Sunset Reservoir with gravity flow to San Bruno, 2) University Mound Reservoir with gravity flow to Brisbane and 3) Merced Manor Reservoir would not be able to back feed because the transmission line is scheduled for replacement in the CIP. Mr. Barry noted that 2.5 Billion Gallons of nonpotable water would be available to San Francisco in case of an emergency from the Laguna Honda and Lake Merced Reservoirs.

Mr. Barry stated that there were several reservoirs in various states of repair: 1) University Mound/South Basin was finished and ready to be refilled, and 2) Sutro/East Basin and Lombard were under reconstruction and scheduled to be finished in 2004. These represent about one-quarter of the City's total potable water storage.

Mr. Barry closed by stating that with the completion of the CIP, the City's potable reservoirs and tanks would be: 1) seismically upgraded, and 2) repaired; e.g., lined, concrete repaired, expansion joint repaired, or improved circulation. He referred the Commissioners to the last page of his PowerPoint presentation, which detailed the location, depth, and capacities of the City's reservoirs and availed himself to questions.

Commissioner Caen asked if the City got to use any of the 327 MG of water that was for regional use and if it was shared. Mr. Barry replied there would still be a supply in the City and the City could back feed to the Peninsula if they were out of water. Mr. Barry explained that because of the elevation of the reservoirs, the capacity could diminish as the water level in the reservoirs dropped.

Commissioner Caen asked who would receive the 327 MG if an earthquake took out pipelines 1, 2, 3, and 4. Mr. Barry replied that the City would have to come up with another way to get water back to the Peninsula.

Commissioner Caen asked if the 327 MG was regional water or if it was shared with the City. Ms. Cheryl Davis, Acting Assistant General Manager of Operations, explained that during emergencies, the major customers—including the City, might be asked to come off line. She stated the entire region profits from the City's water storage even when the water was not flowing back to the Peninsula or East Bay. She stated all water in the regional water reservoirs was a shared resource, but the reality was that the City used the water in the reservoirs. Ms. Davis explained that if the City stopped taking water in an emergency, water coming to the system could be directed to the regional customers.

Commissioner Caen stated the slides indicated the reservoirs had 413 MG and that this amount could last 4-5 days. The slides also showed that the City only had 86 MG, which wouldn't even last a day. She asked for a further explanation. Ms. Davis explained storage had to be looked at on a system-wide basis and that in a major water emergency, the system might have to back feed. The slide stated, "best case availability," so if only San Francisco had a water emergency this could last 4-5 days. She agreed with Commissioner Caen's statement that there was not enough water for even one day if the water was used for the City and the rest of the region.

Commissioner Caen clarified her statement by declaring that this Commission had been under the impression that San Francisco had 4-5 days of storage, which was viewed as inadequate, and now they find that there was only one day of storage. She clarified her original question by asking if the SFPUC had reservoirs that were not in use at all, how many reservoirs were in existence, and what condition were they in. Commissioner Caen stated she was looking for additional storage in the City because she felt it was needed. Ms. Davis responded that looking for additional storage makes sense, but that staff was also looking at other supply options in terms of a desalination plant or groundwater. Ms. Davis stated that //

storage was only one part of preparedness and that other sources of protection or sources of reduction were also part of an emergency planning strategy.

Ms. Martel pointed out that Commissioner Caen's point was important and that the CIP addressed this issue in some initial plans. Ms. Martel stated there was a proposed new reservoir that would hold 6 MG. She also pointed out that some community groups were interested in Balboa Reservoir and felt it was not needed by the SFPUC and should be given up for other purposes that the community found more important. Ms. Martel noted one member of the Board of Supervisors was present at a community meeting, in which she stated that the Balboa Reservoir, while not in active use at this time, would be in the future. Ms. Martel made it clear that all reservoirs, whether currently in use or not, were not available to be used for some other purpose and that SFPUC should continue the policy that all reservoirs remain in the system for future consideration. She stated Laguna Honda Reservoir was the only reservoir that could possibly be used for recreational purposes.

Commissioner Caen emphasized that a 1-day supply of water was too low and asked why all the reservoirs were not filled with water. Mr. Barry replied that only Balboa Reservoir was not filled at this time. Ms. Martel added that Lombard Reservoir was being rebuilt and agreed with Commissioner Caen's statement about the low water supply. Ms. Martel continued that SFPUC was looking at a variety of options, including the possibility of building a reservoir in the Presidio. She shared that staff was also exploring how resources were allocated in case of drought or emergencies, which hadn't been done before. Ms. Martel explained that SFPUC had an obligation to allocate water equitably between the City and the 29 wholesale customers should water availability become an issue in case of emergency. She stated that storage, allocation, and dry-year needs were all issues that need pursuing in greater detail.

Commissioner Caen asked that her request be placed on the Old/Ongoing calendar.

Vice President Bhatt requested that information be provided soon on the total number of reservoirs in the system, if they were in working condition or not, and what was required to bring the out-of-order ones into working condition.

Mr. Art Jensen, General Manager of BAWSCA, stepped forward and stated the regional customers had been paying for a portion of the Sunset, University Mound and Merced Manor Reservoirs because of the stipulations in the 1984 water contract. Referring to the slides, he noted that of the 327 MG associated with the three reservoirs, one-third belonged to the City, and that the 109 MG plus the 86 MG would allow enough for a 2-day water supply. Mr. Jensen also stated he was working with their members to encourage them to build storage locally. He shared that their members were interested in joint storage projects with the City.

Commissioner Caen asked if the 29 water districts had their own storage. Mr. Jensen stated that only one agency had no storage and that other districts had a fraction of a day to a full seven days storage.

President Normandy stated that all this information should be drawn into one approach and that the most important aspect of the operations of the SFPUC was to find water. He asked that any future presentations be given as clearly as possible and address what was available and what was needed. For the needs, he asked that there be two phases: 1) what was needed for daily operations, and 2) what was needed in case of an emergency. President Normandy stated Balboa Reservoir needed to be taken off the table for consideration for parking as water needs were more important. He further asked that the Commission be updated as frequently as necessary and within the confines of security requirements.

Commissioner Chen requested that an analysis be done on the availability of water in a worst-case scenario, with details such as the affect on transmission lines, and providing a few options, so the Commission could understand what was really going to happen if things went bad. Ms. Davis responded that modeling was done to simulate an emergency, which showed what could break, what would be out of commission, what water would be available to move around, and what performance standards were needed to meet such a situation. She stated it was what the ERRP was all about. .

President Normandy requested staff correlate the facilities and the requirements on a daily and emergency basis. He noted that what needed to be done on water supply would affect the City and the Bay Area's survival.

e) Water Infrastructure Partners (WIP) Audit

Mr. Kelly reviewed the audit findings one-by-one and provided solutions and answers to any questions raised.

1. The SFPUC found the consultant performed satisfactory work.
2. The SFPUC should allocate more staff to the WIP contract. Invoices need to be processed quicker and additional staff needed to be hired to review each task order carefully.
3. The SFPUC was slow in paying invoices. Perfect invoices got processed in 30 days. Most invoices were not perfect and many of the invoices were large with only part-time staff reviewing them. If errors were found, staff needed to work with the contractor, which takes time. SFPUC has agreed to do partial payments on areas of agreement on the problem invoices, and then pay the remainder of the bill after the conflict was resolved.

4. Consultant made some billing errors to the SFPUC. An error of \$10,787 was made on a \$2.13 million project. SFPUC would add more staff to catch such errors.
5. Some "Other Direct Charges (ODCs) have not been paid because prior approval was not received from SFPUC. SFPUC sat down with WIP to discuss what was an acceptable ODC to come to an agreement of what SFPUC would be willing to pay.
6. Continued use of "Provisional" vs. "Actual Overhead" rates. The Controller's Office would conduct audits and identify actual overhead rates. These would then be applied to the billing.
7. SFUPC improperly paid 3 subconsultants at fixed rates rather than direct labor rates. SFPUC did not agree with the auditors and was working with the City Attorney to clean up the language so the method was clear for either fixed or direct labor rates.

President Normandy asked if the rates were on an either-or basis—fixed or direct labor rates. Mr. Kelly stated that SFPUC would go to direct labor rates. He continued with his presentation.

8. The SFPUC should determine the basis for paying the Performance Fee. SFPUC has a basis for paying a performance fee, but the consultants have not submitted their invoice. Once the invoice was submitted, it would be reviewed and hopefully paid for within 30 days.
9. SFPUC should require the Consultant to review the billing rates that the auditors did not examine. SFPUC took the auditors findings to the Consultant and asked them to review their bills and verify that the issues were addressed.

Mr. Kelly concluded his remarks by stating that the SFPUC found that: 1) WIP performed satisfactory work, and 2) many of the audit concerns would be addressed by SFPUC's hiring of additional staff. Mr. Kelly stated that SFPUC and the Consultant are partnering to: 1) expedite an invoice review process, 2) streamline invoices, 3) clarify contract terms, and 4) review and approve the Program Management Oversight tasks through the end of the contract year.

President Normandy stated he was impressed with the clarity and conciseness of Mr. Kelly's presentation. He urged that staff take note of Mr. Kelly's format for future presentations.

Commissioner Caen asked if Audit 6 was out. Mr. Kelly replied that SFPUC was still waiting for Audit 4, which should be next.

Commissioner Caen asked why the questions were not answered after the draft report was received, so that the answers could be incorporated into the final report. Mr. Kelly replied the draft report was meant to capture errors made while doing the research and interviews and offer an accounting of what transpired.

8. Public Comments on matters not on today's agenda.

Mr. Steve Leslie, San Francisco resident, introduced himself by referring to his work on auditing the SFPUC and his stance at the July 29th Commission Meeting supporting the Commission's resistance to draining money out of the SFPUC. Mr. Leslie referenced agenda items by Mitchell Engineering, which dealt with time extensions on projects, and noted the agenda items showed no cost increases. Mr. Leslie explained that delays cause cost increases with respect to people on wait time and other projects being stopped. He mentioned a job he worked on—the Diablo Canyon Project—where two \$25 switches cost 6 months delay at \$1.3 million a day in interest alone. Mr. Leslie also stated he had not been paid for the consulting work he did with SFPUC.

President Normandy thanked Mr. Leslie for his insights on delays and the additional costs they incur. In reply to Mr. Leslie's statement regarding nonpayment for work performed, President Normandy stated that the work done regarding the SFPUC was contracted through the Mayor's Task Force for Infrastructure and that the SFPUC had no direct hand in that contract. He explained that there was some inference that SFPUC derived some benefit from the work Mr. Leslie performed, but this was within the authority and responsibility of the General Manager to determine.

Mr. Ali Altaha, ARA Engineering, stated he was at the meeting to follow up on issues he brought before the Commission last year regarding the allocation of contracts and how some groups get more work than others. He stated he had attended several meetings with the City, but that implementation of the recommendations from the contracting meetings has been close to a disaster. Mr. Altaha stated that he believes that some SFPUC staff had no intention of coming up with an equitable, justifiable plan for providing contracting work to all minority groups in the City.

Mr. Altaha recounted how he was told to wait on the Lombard Reservoir job because of problems with the permits. Upon follow-up, Mr. Altaha was told that the job already started and they forgot to notify him. There were also hiring problems and in one instance, SFPUC demanded he hire an unfamiliar person in exchange for an extension of a task order to 12 months. Upon hiring his own person (not the staff recommendation), the task order was dropped from 12 months to 4 months. Mr. Altaha suggested this was payback, was unethical and not acceptable.

Mr. Altaha asked the Commission to decide if it was Commission policy to work this way. He also mentioned problems he had with the Calaveras Dam proposal.

and the favoritism in hiring shown for Contract No. CS-724. He felt it was apparent that the SFPUC already made up their mind on whom to hire for this contract.

Mr. Altaha again asked the Commission to help with this unfair situation and reiterated that staff was not willing to make contracting changes and preferred to maintain the status quo. Mr. Altaha stated the Calaveras Dam contract needed to be stopped and asked that the Commission officially conduct a public investigation of what really took place with Contract No. CS-724.

President Normandy thanked Mr. Altaha for his remarks and noted the seriousness of the issues brought forward. He asked that Mr. Altaha, for the first step, put in writing the allegations brought forward today. He stated it was the Commission's policy to encourage local and minority businesses to participate in all SFPUC contracts. President Normandy explained that the Commission does not get involved in the day-to-day operations, but does handle policies. He also stated that the allegations would be investigated thoroughly and that corrective measures would be taken where necessary.

Mr. Atif Ammar, President of AAES of San Francisco, presented the Commission with a package of information he stated was evidence regarding Contract No. CS-724. He stated he had a formal complaint and that his package would show that SFPUC staff had been engaging in improper and unethical practices regarding this contract. Mr. Ammar and several businesses met with SFPUC staff to complain about SFPUC's improper contracting procedures. He claimed staff promised that Contract No. CS-724 would be by the book and their businesses should go ahead and submit bids and not be afraid. Mr. Ammar provided a synopsis of how SFPUC staff allowed this contract to become a single source contract with PB Power contracted to do the work. He stated that as one of the five firms selected as being capable of doing the work, they spent hundreds of hours to prepare for a bid that was stacked against them from the beginning.

President Normandy stated the Commission would not debate the merits of Mr. Ammar's firm, but would take seriously the allegations of wrongdoing. He reiterated the Commission's commitment to fairness and equitable treatment of all contractors and that staff follow through on the policies established by the Commission. President Normandy stated the Commission would seek counsel with the City Attorney's Office as to whether to conduct an open and public investigation, but would direct the General Manager to look into this as soon as possible and report back to the Commission. The Commission would then take the recommendation of the General Manager and City Attorneys' Office on the corrective steps to make sure that: 1) the problems existing were corrected, and 2) this type of problem would not occur in the future.

Mr. Ammar asked if the investigation would begin right away. President Normandy responded that the request was for immediate action.

Mr. Ammar asked if he could speak on another project he was involved in with a similar problem of single-sourcing a contract. President Normandy agreed to this within the public comment time limits. He noted that if the information were in the package Mr. Ammar delivered, the problem would be addressed.

Mr. Ammar stated he was willing to meet with anyone to go over the problems and noted he was an engineer and could speak to the problem in detail.

Ms. Sabrina Hernandez, Public Works Compliance Officer for Electrical Industry Service Bureau (EISB), explained that EISB was a labor management cooperative made up of electrical workers (Local 6) and the San Francisco Electrical Contractors Association. She brought forth information regarding Contract No. CW-34, Oceanside Water Control Pollution Plant Primary Switch Replacement Project, a construction project that bid June 5, 2003, and was about to be formally awarded.

She stated EISB was protesting the bid submitted by the low bidder for this project because they failed to meet statutory bidding requirements to list subcontractors in the bidding proposal documents. Ms. Hernandez stated the City Attorney had disputed this requirement and EISB wanted to point out that their interpretation of the Administrative Code disagreed with the City Attorney interpretation. Ms. Hernandez availed herself for questions by the Commission.

President Normandy stated the Commission would confer with staff to get more information and requested time for digesting the information provided by her today.

CONSENT CALENDAR

9. Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the items (a-e) listed under the Consent Calendar; passed (5-0) unanimously.
 - a) Resolution No. 03-0165: Approve the plans and specifications for Contract No. CW-291, 19th / Eureka / Castro Streets Sewer Replacement, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$927,170.
 - b) Resolution No. 03-0166: Approve the plans and specifications for Contract No. WD-2366, Scott Street 8-Inch Ductile Iron Main Installation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$1,156,350.
 - c) Resolution No. 03-0167: Approve the plans and specifications for Contract No. WD-2377, Mason, Chestnut and Valparaiso //

Streets 8-Inch Ductile Iron Main Installation, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$552,300.

- d) Resolution No. 03-0168: Accept work performed for Contract No. WD-2322, Key Motorized Valves, approve Modification No. 2 (Final) decreasing the contract by \$41,016.62, for a total contract amount of \$1,874,616.44; and authorize final payment of \$22,581 to A. Ruiz Construction Co. & Assoc., Inc.
- e) Resolution No. 03-0169: Ratify the Declaration of Emergency made by the General Manager of Public Utilities, dated July 23, 2003, and approved by the President of the Commission, to repair Early Intake Switchback Road (Contract No. HH-908-E). The engineer's estimate is \$2 million.

REGULAR CALENDAR

- 10. Discussion and possible action related to: !1) issue and advertise RFP for design/build of solar power plant, (2) authorize energy efficiency project, and (3) accept low-interest CEC loan.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning & Resource Development, asked the Commission to approve the RFP for SFPUC's second major solar project that would be integrated with an energy efficiency project at the Southeast Water Pollution Control Plant and provide authority to negotiate an MOU with Hetch Hetchy Water & Power (HHWP) and the Clean Water Enterprise (CWE) to recover the costs of the project. The project was estimated to cost \$1.065 million and 250 KW in size. The Moscone solar project was about 670 KW in size.

Mr. Smeloff explained that similar to the Moscone Project, SFPUC would submit an application for self-generation buy-down, which would pay 50% of the cost of the project (credit of \$812,500). The remaining cost to HHWP would be \$853,000. Mr. Smeloff further explained that the project had been designed with CWE staff and replaced key electric motors and redesigned the wastewater treatment process. The total cost was \$2.1 million and would save 2.3 million KW annually. The total cost, minus the rebates was \$2.953 million. There would be rebates from the California Energy Commission (CEC) and the project was also eligible for low-interest financing from the CEC.

President Normandy stated that the project was in line with the Commission's priorities of moving away from fossil fuel burning power plants and supported the move to recoup the costs.

Public Comment:

Mr. Emeric Kalman, San Francisco resident, asked what the cost was for KW hours and how many years it would take to pay for the cost of the project. Mr. Smeloff answered that electricity would be 11.5 cents KW hours and that after the rebate, the payback would take 17 years.

Mr. Kalman stated he wanted to know what the cost was for KW hours. He also wanted to know what the expenditures would be, based on the benefit of the investment, and how many years this involved. Mr. Smeloff stated the cost that CWE would pay for electricity was 11.5 cents KW hours, and at that cost the simple payback, of the system after the rebate, was 17 years. He stated the system was designed to last 30 years. Mr. Smeloff further explained that without the buy-down, the cost per KW hours over 17 years would be 20-22 cents per KW.

President Normandy asked Mr. Smeloff to confirm the low rates offered by the CEC. Mr. Smeloff stated SFPUC met the eligibility requirements for the Moscone project and should be eligible for the Southeast facility, too.

President Normandy stated the Commission was satisfied with the information provided and asked Mr. Smeloff to spend some time with Mr. Kalman to address his concerns.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

- Resolution No. 03-0170: Authorize the General Manager of Public Utilities to issue and advertise a Request For Proposals (RFP) to undertake the design and construction of a solar power plant at the SFPUC's Southeast Water Pollution Control Plant (SEWPCP). This is the second installation of solar power generators in the City's Solar Energy Program. Authorize the SFPUC to work with SEWPCP on an energy efficiency project.
' Authorize the SFPUC to accept a low interest loan from the California Energy Commission to support the project.

Commissioner Caen was excused at 4:15 P.M.

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to Contract CW-344.

President Normandy asked if there were any controversies or potential protests on this contract. Mr. John Wong, Project Manager, replied one protest was filed by Yerba Buena and the City Attorney's Office deemed it without merit. There had not been an appeal from Yerba Buena.

Commissioner Chen raised an issue regarding the second "Whereas" in the resolution, where the engineer's estimate for the construction contract work was \$115,000, but was revised to \$133,000. Mr. Wong replied that it was revised, but since it was never documented, it was not put in the resolution. President Normandy confirmed that the actual figure was \$115,000.

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 03-0171: Award Contract No. CW-344 Trailer Truck Weighing Scale, in the amount of \$136,000 to Schram Construction.

Commissioner Caen returned at 4:21 P.M.

Amend

12. Discussion and possible action related to Contract No. CW-290.

Mr. John. Wong, Project Manager, stated additional time and funding was needed to replace corroded mounting studs. This was an unforeseen condition discovered during construction.

Vice President Bhatt asked for a more detailed explanation of the 40-day, \$55,000 increase. Mr. Wong explained there were 70 mounting studs that anchor the butterfly gate in place and during construction, it was discovered that 37 of them were corroded and deteriorated. After the 37 were replaced, the remaining 33 would be tested and if it turned out they needed to be replaced, they would be. Mr. Wong stated that the \$55,000 was for replacing all 70 mounting studs. If not all of them need to be replaced, the contractor would credit SFPUC. Staff was able to negotiate a better price for the possible replacement of all 70 studs

Moved by Commissioner Costello, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0172: Approve Modification No.1 to Contract No. CW-290 (Howard St. Outfall Butterfly Gate Valve Replacement), increasing the contract by \$55,000 for a total contract amount of \$160,900, (and extending the contract by 40 consecutive calendar days, for a total contract duration of 400 days). 11

President Normandy referenced remarks made earlier by Mr. Leslie regarding hidden expenses caused by time extensions. He asked that in the future, agenda items dealing with time and funding extensions explore what hidden expenditures there might be—such as staff time or increased cost of materials.

PROFESSIONAL SERVICE CONTRACTS

Amend

13. Discussion and possible action related to Agreement No. CS-672 D.

Mr. Carlin stated SFPUC was ahead of schedule on the "Recycled Water Master Plan Update," but explained that additional resources were needed for unanticipated public outreach on the auxiliary water supply system. He stated additional funding was also needed to look at recycled water as part of the distribution system. He commented that coordination needed to be done with the DPW.

President Normandy responded that he agreed with the need for a time extension to conduct proper public outreach. He reiterated his belief that SFPUC needed to have true public comment and inclusion rather than the traditional methodology of developing a plan and presenting it to the public only for validation.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0173: Authorize the General Manager of Public Utilities to negotiate and execute Amendment No. 1 to Agreement No. CS-672 D, the "Recycled Water Master Plan Update and Environmental Review" dated January 21, 2003 with ESA + Orion, a joint venture. Amendment No. 1 will provide for public outreach activities, the analysis of additional major potential users, the feasibility of using the Auxiliary Water Supply System, and a time-extension of five months and for a \$243,000 increase in the contract amount for a total amount not to exceed \$733,000.

14. Discussion and possible action related to Contract No. CS-672 E.

Mr. Carlin explained that the contract provided baseline data collection services to the SFPUC and all 29 wholesale customers. He stated individual models of water demands, conservation and recycled water were being created at a subregional basis. He further stated that additional resources were needed because of the expansion of this contract and more time was needed to complete the work, which was related to the environmental work needed for the CIP.

Public Comment:

Mr. Jensen stated BAWSCA was serving as a liaison between SFPUC staff and the 29 agencies and considered the work being done to be excellent. He stated that BAWSCA was willing to pay their fair share for this service and that if it was being provided solely for BAWSCA's benefit, then BAWSCA should pay for it in its entirety.

Moved by Vice President Bhatt, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

- Resolution No. 03-0174: Approve Amendment No. 1 to Contract CS-672E, Supporting Environmental Technical Studies for the SFPUC Regional Water System CIP with URS Corporation, and authorize the General Manager of Public Utilities to execute Amendment No. 1, increasing by \$309,006 the amount of compensation for wholesale customer demand projections task. The total contract value will be increased to \$1,009,006 from \$700,000. The amendment will extend the contract 5 months for project completion by March 2004.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.

There were none.

16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 4:30 P.M. to discuss the following matters:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Normandy, Vice President Bhatt, Commissioner Caen, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Legal Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: California State Automobile Association as Subrogee for
Duk Sung Lee; Unlitigated Claim No. 03-04015

Moved by Commissioner Caen, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0175

Following the Closed Session, the Commission reconvened in open session at 4:30 P.M.

18. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

19. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Costello, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

There being no further business to discuss, the meeting was adjourned at 4:31 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

AUG 22 2003

AGENDA

REGULAR MEETING

August 26, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Services
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the March 21, 2003 Special Meeting
 - b) Minutes of the July 29, 2003 Special Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Presentation of Enola Maxwell Resolution to Supervisor Sophie Maxwell
 - b) Capital Improvement Program Status Report
 - c) Chloramine Conversion Update
 - d) Deduct Meter Report (Vizcarra)
 - e) Lake Merced Update (Carlin)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 11th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-280, SEWPCP Building 840/860 Ventilation and Odor Control Improvements; authorize the General Manager of Public Utilities advertise, receive and evaluate bids. The engineer's estimate is \$4,608,000.
 - b) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2349, Thomas Shaft Water Supply Improvements, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$1,130,529.
 - c) Staff Recommendation: Accept work performed for Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$110,974.32, for a total contract amount of \$599,742.68, and authorize final payment of \$125,442.68 (consisting of \$110,146.73 for sewer work and \$15,295.95 for pavement renovation work), to JMB Construction, Inc.
 - d) Staff Recommendation: Accept work performed for Contract No. WD-2355, Hayes Street 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$66,912.31, for a total contract amount of \$863,347.69, and authorize final payment of \$52,667.38 to P&J Utility Company.

REGULAR BUSINESS

10. Discussion and possible action related to memorial of San Francisco residents who perished in the September 11, 2001 terrorist attacks. (Martel)

Staff Recommendation: Authorize the installation of a commemorative garden and plaque memorializing the San Francisco residents who perished in the terrorist attacks of September 11, 2001, at the Baker Street Pump station.

11. Discussion and possible action related to the adoption and implementation of the Regional Emergency Response and Recovery Plan. (Mazza)

Staff Recommendation: Authorize the General Manager of Public Utilities to adopt and implement the Regional Emergency Response and Recovery Plan in accordance with State Assembly Bill No. 1823 "Wholesale Regional Water System Security and Reliability Act," use funds from the Pipeline Repair and Recovery Plan project to begin implementation of the plan, request additional funding as needed for FY 2004-2005, and work with wholesale customers to conduct staff training, exercises, and drills as needed.

12. Discussion and possible action related to Contract No. WD-2337. (Quinones)

Staff Recommendation: Approve a transfer of funds in the amount of \$560,000 from Project No. CUW220 – Calaveras Dam: Seismic Evaluation, to Project No. CUW218 – Harry Tracy Water Treatment Plant Improvements, to fund completion of this project.

Approve Modification No. 5 to Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening, increasing the contract by \$200,592, for a total contract amount of \$10,351,003, and extending the contract duration by 433 consecutive calendar days for a total contract duration of 763 consecutive calendar days.

LEASES AND PERMITS

13. Discussion and possible action related to a revocable permit to Viking Construction Company. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit to Viking Construction Company to

utilize a service road located in Niles Canyon, Alameda County Watershed, for access to the Alameda Creek Bridge (Highway 84) during a bridge seismic retrofit project.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. HH-906. (Larramendy)

Staff Recommendation: Award Contract No. HH-906 Hetch Hetchy Road Maintenance and Rebuilding in the amount of \$577,800, to Proven Management.

Close

15. Discussion and possible action related to Contract No. WD-2375. (Huey)

Staff Recommendation: Accept work performed for Contract No. WD-2375, Seismic Improvements at Millbrae Yard and Harry Tracy Water Treatment Plant, approve Modification No. 2 (Final), for a time extension of 127 consecutive calendar days for a total contract duration of 397 consecutive calendar days; and authorize final payment, in the amount of \$87,011.43, Valentine Corporation.

16. Discussion and possible action related to Contract No. WD-2184. (Mavroudis)

Staff Recommendation: Accept work performed for Contract No. WD-2184, Crystal Springs Pipeline No. 1 Replacement, approve Modification No. 4 (Final), increasing the contract by \$183,180.73 for a total contract amount of \$7,692,910.08, and with a time extension of 357 consecutive calendar days for a total contract duration of 1,016 consecutive calendar days; and authorize final payment of \$227,001.18 to Mitchell Engineering.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

- MINUTES

SEP 12 2003

SAN FRANCISCO
PUBLIC LIBRARY

August 26, 2003
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable E. Dennis Normandy, President
The Honorable Ashok Kumar Bhatt, Vice President
The Honorable Ann Moller Caen
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
 City Distribution Division
 Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
 Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.
2. Roll Call: Present – President E. Dennis Normandy, Vice President Ashok K. Bhatt, Commissioner Ann Moller Caen, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

President Normandy took the agenda out of order for the presentation of the Enola Maxwell resolution to Supervisor Sophie Maxwell.

7. Report of the General Manager

a) Presentation of Enola Maxwell Resolution to Supervisor Sophie Maxwell

Ms. Patricia E. Martel, General Manager of Public Utilities, stated the City and County of San Francisco and the family of the legendary Ms. Enola Maxwell suffered her loss in June. She stated Ms. Maxwell contributed in a positive and productive manner to the civic activities of San Francisco, and in particular to the community of her residence, Bayview Hunters Point. She acknowledged her many contributions as Commissioner of Southeast Facilities Commission, for development of programs and activities for Bayview Hunters Point youth, and the founding and leadership of the Potrero Neighborhood House. She noted the Enola Maxwell Middle School was named in her honor for her contributions to education and the well being of at-risk youth. For her rich and generous contributions to Bayview Hunters Point and to San Francisco, the Commission and Ms. Martel presented a resolution to her daughter, Supervisor Sophie Maxwell.

President Normandy expressed Ms. Maxwell's death was a tremendous loss to the City and Bay Area. He commented she was tiny in physical stature, but a giant in her accomplishments and the esteem with which the entire City held her. He stated the City was comforted by the fact that her daughter, Supervisor Maxwell, was carrying on her great work.

Supervisor Maxwell thanked the Commission.

President Normandy took the agenda back to order with Item 3.

3. Approval of Minutes

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the Minutes of the July 29, 2003 Special Meeting; passed (5-0) unanimously. The draft Minutes of the March 21, 2003 Special Meeting were continued to the next regular Commission meeting scheduled for September 9, 2003.

4. Communications

President Normandy acknowledged receipt of a letter from Ms. Holly Van Houten of Bay Area Ridge Trail Council (BARTC). Related to her letter, he extended praise to the staff led by Ms. Martel, Ms. Paula Kehoe and Ms. Beverly Hennessey who made the inaugural event and the opening of the Bay Area Ridge Trail a success. He commented it was marvelously organized and impressed those in attendance.

Commissioner Caen referred to a letter addressed to President Normandy from Steve Lawrence and requested staff to comment on it.

Ms. Martel asked if it was the letter related to the Capital Improvement Program (CIP) documents on the website.

Commissioner Caen replied it referred to 87 documents and terms of goals that SFPUC established for the State that had not been accomplished.

Ms. Martel stated, SFPUC would respond to Mr. Lawrence's letter in a draft to be presented to President Normandy as it was addressed to him. She stated the issues raised had been addressed in the CIP update that would be reviewed with the Commission in the next weeks. She stated changes had been made to project scope and descriptions and had been incorporated in the revised CIP document which has been made public. She commented that the updated documents were not available when Mr. Lawrence's letter was received. She stated the August 21 deadline set at the last meeting was met for the preparation of the updated items and was posted on the website. She stated some of the documents Mr. Lawrence requested in the past through the Sunshine Ordinance were not available at the time as they were being updated. She hoped that the response from SFPUC to Mr. Lawrence would bring a communication that his request for information had been fulfilled.

President Normandy requested a speedy response to Mr. Lawrence with copies of the communication for the Commission. He stated the issue raised two items: 1) the need for quick action in bringing out the details of the CIP, and 2) the SFPUC website needed stringent review and updating of its content and format. President Normandy requested the website be improved to make it more user-friendly and informative.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

b) Capital Improvement Program Status Report

Ms. Martel reviewed that the process was outlined on the CIP update at the last meeting on the changes of the CIP and the Long-Range Financial Plan and a formal presentation was scheduled for the September 23 meeting. She shared SFPUC was on target for the September 1 timeline to submit the document outlining the changes to the State Legislature, the Department of Health Services and the State Seismic Commission. She stated staff planned to send the document out Thursday by overnight mail to be received on Friday. She stated the Bay Area Water Users Association (BAWUA) reviewed the CIP update document and provided comments. She stated SFPUC received communication from Mr. Art Jensen requesting some modifications to the document that were incorporated. Ms. Martel concluded that the content of the document was as accurate and up to date as it could be and that the timelines required by AB 1823 on the CIP update had been met.

President Normandy asked if copies of what was being sent to the State would be provided to the Commission. Ms. Martel affirmed copies would be provided.

c) Chloramine Conversion Update

Ms. Martel stated the target date to convert from chlorine treatment of SFPUC water to chloramine treatment was October 2003. Subsequent to setting the date and beginning the chloramine conversion public outreach process, the Priest Bypass Project (PBP) was approved to be moved forward during 2003. To move forward with PBP requires a complete shutdown of the Hetch Hetchy system. Added to that, other projects at treatment facilities and the limited storage at Calaveras Dam have affected Operations this year.

Risks were enumerated by SFPUC staff that caused concern for moving forward with the scheduled chloramine conversion in October. Based on the risks, Ms. Martel requested staff do a detailed analysis of the potential risk for the October date and examine alternative dates for less risky conversion. A study was conducted and a letter was sent to Mr. Jensen informing him of Ms. Martel's decision to change the chloramine conversion date and copied to the Commission. With the assistance of the consultant Camp, Dresser and McKee, Inc. (CDM, Inc.) the risks associated with various conversion dates were analyzed.

Three dates were analyzed: 1) the original date of October 20, prior to the November-December scheduled PBP, 2) November 15, during the PBP and when Hetch Hetchy would be completely shutdown, and 3) February 2, 2004, after PBP would be completed. Issues, risks and potential feasibility were considered. Amongst the considerations examined were: meeting water supply and demand; water quality impacts; status of construction completion for Sunol Valley and Harry

Tracy chloramination facilities and the Pulgas dechloramination facility; overall preparedness of Water Supply & Treatment (WST) and City Distribution Division (CDD); potential regulatory violations during the time; outreach progress from the Department of Health Services to all the dialysis facilities needing notification prior to the conversion; and public outreach pertaining to delaying the conversion process. BAWUA was polled about its preference and the readiness of its 29 customers to move forward with the chloramine conversion in October.

From the assessment, it was determined the October date was feasible. It was assumed that all the construction at the facilities would be completed, but didn't leave time to work out the problems in the construction projects. It was concluded that due to the limited operational flexibility, the October date was feasible but not optimal. There was also concern that the demand for water in October could place demands on the system that couldn't be assured. The November date was eliminated because of the risks of having the Hetch Hetchy system shut down.

The February date was the date selected as the most feasible option because the demand for water supplies would be lower during the winter months, supply requirements could be met and the PBP would be completed. Ms. Martel stated that though it was not her preference from the standpoint of the SFPUC demonstrating ability to complete projects on time, review of the analysis of the risks associated with maintaining the October 20 date far outweighed concerns about public perception and delaying the project. Though it was feasible in October, it was felt it would be a risk to the system and its 2.4 million users.

Ms. Martel stated she believed the BAWUA wholesale customers were supportive of the decision to delay, as it would give them more time to prepare their agencies for the conversion. She stated a revised outreach program would be developed for wholesale customers to utilize in letting the public know about the change. Ms. Martel informed the Commission she offered to make presentations to BAWUA agencies regarding the change of plans. She stated a revised public outreach program would address all aspects of the conversion and its delay. She expressed hope that the decision would result in a seamless transition to chloramine treatment and that the facilities would operate optimally to ensure the safety of the conversion.

President Normandy urged that a communication update regarding the change in plans be underway in September in anticipation of the October expectation. Ms. Martel stated it would be done.

Ms. Martel concluded her report with words on the opening of the Bay Area Ridge Trail in SFPUC's peninsula watershed on August 21. She acknowledged the extended efforts of Ms. Hennessey and her Communications staff for their organization of media coverage, production of fine materials and development of an outstanding program that resulted in a successful event. In attendance were Mayor Willie Brown, Supervisor Tom Ammiano who was instrumental in working

with the Commission and external stakeholders in opening the trail, Supervisor Mike Nevin of San Mateo County Board of Supervisors, President Normandy and Commissioners, Holly Van Houten of the BARTC, and many of the stakeholders who had a prominent role over the last decade in opening the trail.

On August 21, the first 4-mile leg of the trail was opened in the watershed. Ms. Martel stated SFPUC was currently working with the State to finalize the permit to extend the trail for 10 miles—its proposed entire route with improvements underway on the last 6 miles. She shared that enthusiastic hikers, bicyclists and equestrians attended to experience the opening of the trail. She explained through a limited-access program, the public was allowed access to the watershed in the company of docents trained in the importance of the environment and the need to protect the watershed as it serves as a source of San Francisco and Bay Area drinking water. Ms. Martel concluded the project was a step in demonstrating to the public that SFPUC has a history of being an environmental steward.

d) Deduct Meter Report

Ms. Marge Vizcarra, Manager of Customer Services, revisited the Commission's adoption of the Residential Users Advisory Board (RUAB) rules in June 2003, which included two formulas used to determine the sewer flow factor of a residential user. She stated Mr. Nate Ratner, RUAB member, suggested during the development of the rules, that another method for calculating the sewer service charge, the private sub-meter (deduct meter), be investigated.

Ms. Vizcarra gave an overview of the private sub-meter program. The program would require the installation of a private sub-meter to separate a residential customer's domestic usage from irrigation usage. She stated the program was optional and the customer would bear all costs associated with the installation and maintenance of a private sub-meter. The purpose of the program would be to provide residential customers with an alternative method to calculate sewer service charges.

Ms. Vizcarra shared a chart depicting different-sized meters and their costs. Most residential users would require a 5/8-inch meter for \$30 and a meter box for \$50, for a total cost of \$80. She explained SFPUC chose a more expensive polymer meter box over a concrete box, as it was sturdier and lighter and would result in less injury and maintenance.

Ms. Vizcarra addressed the responsibilities involved. The customer's responsibilities would be: 1) obtain a plumbing permit from the City Department of Building Inspection (DBI), Plumbing Inspection Division, if required; 2) take the permit to SFPUC and purchase sub-meter; 3) install sub-meter; and 4) call DBI to have the sub-meter installation inspected. The City Department's responsibilities would be: 1) DBI would inspect the installation, if the plumbing permit was required; 2) SFPUC would inspect that the sub-meter was installed after the control

valve, backflow prevention device or vacuum breaker, if plumbing was not required; and 3) SFPUC would read meters and establish water services accounts accordingly.

Ms. Vizcarra stated Customer Services would like to implement a pilot program of 4-6 installations to test the effectiveness of the proposed process as it would be a new program to the SFPUC and was needed to verify the value to SFPUC customers.

Commissioner Bhatt asked what extra costs there would be to install the meters and how much time it would take. Ms. Vizcarra answered the cost would involve all the required plumbing. She understood if the customer already had an irrigation system, they would only have to install a meter, therefore the cost would be more if a new irrigation system had to be installed. If required, a plumbing permit would cost \$122. She stated she could not give an estimate for the plumbing costs, as they would vary depending on the length of pipes and how far the meter was from the irrigation system.

Vice President Bhatt asked how many new meters would be installed in the City if the program moved forward and if there would be a backlog. Ms. Vizcarra stated it would take SFPUC 4-6 weeks to install a meter and estimated it would be the same amount of time if the customer did the installation.

Vice President Bhatt inquired if there was sufficient staff to install the meters in the 4-6 week timeframe in addition to other meters currently needing to be installed. Ms. Vizcarra stated SFPUC would be responsible for selling meters to customers and it would be up to the customer to fast track the installation.

Vice President Bhatt asked how many meters were going to be installed. Ms. Vizcarra stated only 4-6 meters would be installed at this time to determine if the process written on paper would actually work. She stated coordination with DBI and testing of the process was necessary before offering it to customers.

Commissioner Chen inquired if there was an estimate of how many SFPUC customers would use the meter. Ms. Vizcarra stated there were 13,000 customers that had a reduced flow factor and that a conservative estimate was 1-5% more installations.

President Normandy stated SFPUC was aware that the Los Angeles Metropolitan Water District (LAMWD) had a successful deduct meter program that simplified issues with residential and irrigation usage for staff and customers as the meters were more precise in determining water usage. He agreed with the staff recommendation that a pilot program was necessary prior to making it available to customers and suggested specific goals be determined for the pilot program: 1) overall costs for the customer, factoring in if a permit was needed or not needed, 2) timeline for installation and implementation of the system, and 3) return of

investment timeframe for the customer. He stated without determining this information from the pilot program, it would be difficult for staff to determine if it was a program worthy of presenting to customers. He encouraged the Commission to agree to the pilot program.

Vice President Bhatt stated the program needed to have flexibility of choice for the customers and related to that a study on the exact costs would be beneficial for customers. He cautioned that SFPUC be prepared for installation of a minimum 130 meters in a timely manner to avoid criticism and not create an adverse situation. He endorsed creating economic benefit to the customer and modernizing the technology.

President Normandy directed staff to move forward on the pilot sub-meter program and asked that the Commission's requests for informational objectives be taken into account. He thanked Ms. Vizcarra, Mr. Ratner and Commissioner Caen for their interest in the deduct meter option.

e) Lake Merced Update

Mr. Michael Carlin, Manager of Strategic & Systems Planning, informed the Commission that Lake Merced was at an all-time high and that water was still being added to the lake. He commended Mr. Paul Mazza, WST, and Mr. Kevin Barry, CDD, and their staffs for coordinating the water into Lake Merced through the Lake Merced Pump Station. He stated SFPUC had a successful workshop on August 20 for which the community was satisfied with the reports given. He stated there would be another meeting in November, a key point in time, as he would be coming to the Commission with information and recommendations for proceeding on selecting the level of the lake, how the lake would be filled in the future, and beginning the long-term discussions of how to do it. He suggested the Commission go out to see Lake Merced and the Harding Golf Course, as they both look great.

Commissioner Costello asked what the height of the lake was now. Mr. Carlin stated it was approximately 20 feet and would go up to 20.7 feet, which is just below the spill level of South Lake into Impound Lake.

President Normandy asked Mr. Carlin to share the reactions from the neighborhood representatives of the Recycled Water Master Plan (RWMP) presented at the August 20 workshop.

Mr. Carlin stated SFPUC was working with the Department of the Environment, the Department of Public Works, the Fire Department, and the Recreation and Park Department, as one of the mantras about recycled water is that it is the City's recycled water program, not the SFPUC's. He stated SFPUC was an implementer and for this reason was working closely with the other City departments looking at their needs, their thoughts about recycled water, and their goals. He stated they presented a preliminary market survey, which examined where the recycled water

market was in San Francisco. He stated they were now working on a public outreach plan and wanted the neighborhood groups involved in that to work with Ms. Hennessey's Communications group. Mr. Carlin stated those in attendance were receptive and appreciative of the efforts made.

President Normandy stated this was good news and stated the Commission's position was that the development of the RWMP outreach programs not be a monologue or presentation of what SFPUC wants to move forward, rather that a dialogue with the public be established to gather input from them and that there be a sense of ownership by the public of the RWMP.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Caen, seconded by Commissioner Costello, to adopt as amended the items (b-d) listed under the Consent Calendar; and continue item (a) passed (5-0) unanimously.

Commissioner Caen asked to remove Item 9a from the Consent Calendar because \$4.5 million was too great to be on the Consent Calendar and because it referred to a "bid alternative," for which she requested clarification.

President Normandy requested staff re-present the item to the Commission at the next feasible meeting and address Commissioner Caen's concerns.

- a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-280, SEWPCP Building 840/860 Ventilation and Odor Control Improvements; authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$4,608,000.
- b) Resolution No. 03-0176: Approve the plans and specifications for Contract No. WD-2349, Thomas Shaft Water Supply Improvements, and authorize the General Manager of Public Utilities to advertise, receive and evaluate bids. The engineer's estimate is \$1,130,529.
- c) Resolution No. 03-0177: Accept work performed for Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$110,974.32, for a total contract amount of \$599,742.68, and authorize final payment of ✓

\$125,442.68 (consisting of \$110,146.73 for sewer work and \$15,295.95 for pavement renovation work), to JMB Construction, Inc.

- d) Resolution No. 03-0178: Accept work performed for Contract No. WD-2355, Hayes Street 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$66,912.31, for a total contract amount of \$863,347.69, and authorize final payment of \$52,667.38 to P&J Utility Company.

REGULAR CALENDAR

10. Discussion and possible action related to memorial of San Francisco residents who perished in the September 11, 2001 terrorist attacks.

Ms. Martel stated that SFPUC had been working with Congresswoman Nancy Pelosi's office for several months to address establishing a permanent memorial to the San Francisco victims of the 9/11 terrorist attacks in the U.S. She stated Pelosi's office, Commission members, SFPUC staff and representatives of the victim's families attempted to identify an appropriate memorial for the victims. A suitable memorial was agreed upon that could be developed on SFPUC property located at the Baker Street Pump Station, the proposed future site of a public learning center. The conceptual plan for the memorial is to develop a suitable garden and place a plaque at the location memorializing the residents of San Francisco who perished in the 9/11 attacks. She stated it was anticipated that the development costs for the garden memorial would be born by the families and that SFPUC would assist in an in-kind way to the development of the memorial location. She stated upon completion of the memorial garden there would be a dedication.

Public Comment:

Mr. Sean Hughes, San Francisco resident, stated his wife, Ms. Melissa Harrington Hughes, was one of the thousands of lives lost on 9/11/01 and that it was important to remember all those who tragically passed away that day. He shared that today was a special day for himself and the other families seeking recognition. He stated the SFPUC piece of property was of specific significance to his wife and him as they visited the area and landscape often. He stated the families of his wife Melissa Harrington Hughes, Mr. Mark Bingham, Ms. Alicia Nicole Titus, and Mr. Christian Hans Rudolf thanked the Commission and expressed gratitude for their willingness to work with them throughout. He also thanked Congresswoman Pelosi's office, for without her staff's efforts, he would not have been present today. He thanked the Junior League of San Francisco, who manages his wife's endowment fund, which makes contributions to the community and supports professional women pursuing careers. He thanked Ms. Kyri McClellan for her

support and guidance through San Francisco government. In closing, Mr. Hughes stated he felt by granting the land, the Commission would serve the great purpose of providing all those who were impacted on 9/11/01 and generations to come, to never forget.

President Normandy responded that all the Commissioners and staff of the entire agency shared in Mr. Hughes' grief and loss. He stated the Commission was honored that it had the good fortune of having a piece of land that was meaningful to Mr. Hughes, his wife and the other victims and to share in the endeavor. He thanked him for his patience and stated the Commission looked forward to continued involvement and to the inaugural day.

Ms. Kyri McClellan, San Francisco resident, recognized those involved in the process. From the SFPUC she acknowledged and expressed gratitude to Ms. Martel, Ms. Kehoe, Ms. Mary Jung, and Ms. Laura Spanjian. From Congresswoman Pelosi's office, she thanked the Congresswoman, her Chief of Staff Catherine Dodd, and Mr. Dan Bernal. From the Mayor's Office she recognized Ms. Kit Powers, Mr. Ron Vincent and Mr. P.J. Johnston. From the Recreation and Park Department, she remembered General Manager Elizabeth Goldstein, Mr. Michael Moreland and Mr. Brad Gross. She stated they began the process in January 2002 with Supervisor Gavin Newsom, and thanked him and his assistant Mr. Mike Farrah. She stated the Junior League was delighted to support Mr. Hughes as Ms. Harrington Hughes had been a member of the League. She stated they look forward to working with SFPUC as the project moves forward to completion.

Moved by President Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0179: Authorize the installation of a commemorative garden and plaque memorializing the San Francisco residents who perished in the terrorist attacks of September 11, 2001, at the Baker Street Pump station.

11. Discussion and possible action related to the adoption and implementation of the Regional Emergency Response and Recovery Plan.

Mr. Paul Mazza, WST Program Manager, stated when AB 1823 was passed last year, it required the SFPUC develop and adopt an Emergency Response and Recovery Plan (ERRP) by September 1, 2003. The EERP has been developed with extensive involvement from stakeholders including the Office of Emergency Services, California Department of Health Services, BAWUA and SFPUC staff. Regular meetings were held and every item of the plan was discussed. The plan was designed to provide a basis for responding to and recovering from an

interruption in water service caused by an earthquake or other natural or manmade catastrophe.

Mr. Mazza stated the regional water system issues were complicated. He stated it was a given that the size of SFPUC's system couldn't rely on its water storage after a major catastrophe as storage covers small minor interruptions and that a major interruption could last weeks or months. He stated water system repair components needed to be purchased, stockpiled and made ready for emergency use. He noted in a catastrophic event, every utility and major corporation would be competing for the same resources. He stated complete restoration of water service could take months. He stated the purpose of the plan was to get the backlog of the water system back on line as soon as possible as AB 1823 requires SFPUC to "...distribute all water to all customers on an equitable basis...."

Mr. Mazza covered the elements of the EERP. The initial step was to design emergency scenarios. The scenarios were mostly based on earthquakes as it was felt that was the biggest threat; but whether it was manmade or natural, the result was an interruption of service with water turned off at key places. The primary scenarios were based around earthquake faults. Contingency plans were developed for the scenarios. The institutional issues that applied to the plan were addressed. All the parties involved agreed there was not enough time to work out the complexities of the institutional issues that would be faced. The last step of the process was development of the plan and putting it in place. This involved training with eventual drills and updating.

Mr. Mazza stated implementation of the plan would begin with an initial EERP training on September 4, 2003 and that an emergency table-top exercise would be performed on September 11, 2003. He stated the EERP would be updated annually and that training and drills would also occur annually. He noted with the institutional issues and complexities, the EERP required refinements. He described it as a living document that would be changed annually.

Mr. Mazza stated implementation of the cost summary resulted in an estimate of \$12 million. The estimate was broken down into emergency generators, construction equipment, pipes and adapters, and equipment and supplies. As for potential funding sources, he stated there were budgeted funds currently and that new proposals would be developed and presented to the Commission for the resources to accomplish the proposals.

President Normandy inquired if consideration was given to overtime costs for staff and outside contractors that would be necessary in the event of an emergency. Mr. Mazza replied that the team had modeled 5 different events, where the system would be susceptible and estimated how much staff could be mobilized. He stated it was difficult to find available staff after 1-2 days and 12-hour shifts, commenting there was a diminishing return. He stated overtime costs and flat labor costs had

been investigated. The issue of getting contractors to come in was considered and different kinds of contracts were discussed.

President Normandy stated it was fine to talk about equipment and supplies, but the lack of manpower to correct catastrophes posed problems. He asked about provisions that might be made to get some estimates. Mr. Mazza stated the immediate goal was to submit the document by September 1. He stated the ERRP was a living document and the issue could be worked on further. He shared that a consultant who worked on the plan was an operating manager with LAMWD, which built an entire unit to specifically address the issue. He commented it was costly.

President Normandy stated it was an important element and thought it would be valuable to borrow LAMWD's guide and factor it into the ERRP. He felt strongly that all the equipment in the world would be nothing in a catastrophe without the essential element of manpower from staff or contractors. Mr. Mazza responded that the proposal would be worked on.

Commissioner Caen asked if structures to store supplies would need to be built. Mr. Mazza stated there might be need for some small structures for storing equipment, but that SFPUC was fortunate to have corporation yards on both sides of the Bay for storing equipment and that pipes did not need to be stored in a structure.

Ms. Martel stated the issue about potential staffing resources for emergency operations was important. She acknowledged that level of detail had not been completed in the initial study. She mentioned that the Performance Assessment, currently being undertaken would examine the issue as she thought the consultant would be examining SFPUC's preparedness to be able to deal with those issues in the regional water system. She stated she would ensure that the issue be addressed and that the consultant offer input on what the industry practice was at other agencies in terms of having the capability to respond to large-scale emergencies.

President Normandy commended the efforts accomplished to date on the ERRP, noting the pressure of meeting the September 1 deadline with a basic plan. He concurred the ERRP was a living document and that there were certain areas needing more work and number figures. He appreciated that Ms. Martel correlated the ERRP to the CIP as the financial planning, strategic business planning and performance assessment were all interrelated.

Ms. Martel explained that the focus of the ERRP was on the regional water system. She noted a key point raised by the consultant was that SFPUC develop an emergency plan for CDD. Ms. Martel stated it was high on her priority list to move forward with a detailed examination of the local water system and develop a plan. President Normandy reiterated the need to address the emergency manpower issue, that focus be placed on the local CDD, and in accordance with the

Commission policy, that all funds deemed extraneous or surplus be allocated to the ERRP.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0180: Authorize the General Manager of Public Utilities to adopt and implement the Regional Emergency Response and Recovery Plan in accordance with State Assembly Bill No. 1823 "Wholesale Regional Water System Security and Reliability Act," use funds from the Pipeline Repair and Recovery Plan project to begin implementation of the plan, request additional funding as needed for FY 2004-2005, and work with wholesale customers to conduct staff training, exercises, and drills as needed.

12. Discussion and possible action related to Contract No. WD-2337.

Mr. Chris Nelson, Program Management Bureau, stated the Harry Tracy Water Treatment Plant Residual Thickening project had been completed last summer. Upon completion, staff recommended security upgrades consisting of fencing around the plant to address facility security concerns. The Commission authorized the additional scope last summer and staff began to work with the contractor and neighboring property owners to align a new fence that involved locating property lines, removing trees, and solving appearance problems. The recommended modification would allow work to be completed mid-September and would be funded by a transfer from the Calaveras Dam Seismic Evaluation Project. He stated that project was funded from revenue monies that are no longer necessary, as the continuing work on the Calaveras Dam would be funded from the CIP bond.

President Normandy asked if the \$560,000 being transferred was no longer necessary because the Calaveras Dam Seismic Evaluation was funded by the CIP. Mr. Nelson answered affirmatively. President Normandy asked if the contract increase of \$200,592 and 433 days was due to the added security measures. Mr. Nelson answered affirmatively. President Normandy commented that because it was for security measures, it was understandable.

Moved by Commissioner Costello, seconded by Commissioner Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0181: Approve a transfer of funds in the amount of \$560,000 from Project No. CUW220 – Calaveras Dam: Seismic Evaluation, to Project No. CUW218 – Harry Tracy Water Treatment Plant Improvements, to fund completion of this project.

Approve Modification No. 5 to Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening, increasing the contract by \$200,592, for a total contract amount of \$10,351,003, and extending the contract duration by 433 consecutive calendar days for a total contract duration of 763 consecutive calendar days.

LEASES AND PERMITS

13. Discussion and possible action related to a revocable permit to Viking Construction Company.

Moved by Vice President Bhatt, seconded by Commissioner Chen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0182: Authorize the General Manager of Public Utilities to execute a Revocable Permit to Viking Construction Company to utilize a service road located in Niles Canyon, Alameda County Watershed, for access to the Alameda Creek Bridge (Highway 84) during a bridge seismic retrofit project.

CONSTRUCTION CONTRACTS

Award

14. Discussion and possible action related to Contract No. HH-906.

Moved by Vice President Bhatt, seconded by Commissioner Costello, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0183: Award Contract No. HH-906 Hetch Hetchy Road Maintenance and Rebuilding in the amount of \$577,800, to Proven Management.

Close

15. Discussion and possible action related to Contract No. WD-2375.

Mr. Calvin Huey, Regional Project Manager, stated the project addressed seismic upgrades at the Millbrae yard and the Harry Tracy Water Treatment Plant and was comprised of three concurrent projects. To minimize impacts to customers, the three facilities were combined into one shutdown. He stated there was no increase

in contractors' costs due to the time extension and the work of all three projects was done without impact to customers.

President Normandy asked if there were any costs related to extra staff time on the extended contract. Mr. Huey stated because of the extended 127 days, there were \$100,046 in staff costs for a registered engineer, a supporting inspector, and engineering support staff. He stated this averaged out to \$25,000 per month, which was typical for an extended contract. President Normandy commented for the future, that staff prevent time extensions because of hidden costs.

Moved by Commissioner Costello, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 03-0184: Accept work performed for Contract No. WD-2375, Seismic Improvements at Millbrae Yard and Harry Tracy Water Treatment Plant, approve Modification No. 2 (Final), for a time extension of 127 consecutive calendar days for a total contract duration of 397 consecutive calendar days; and authorize final payment, in the amount of \$87,011.43, Valentine Corporation.

16. Discussion and possible action related to Contract No. WD-2184.

Moved by Commissioner Caen, seconded by Vice President Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No.03-0185: Accept work performed for Contract No. WD-2184, Crystal Springs Pipeline No. 1 Replacement, approve Modification No. 4 (Final), increasing the contract by \$183,180.73 for a total contract amount of \$7,692,910.08, and with a time extension of 357 consecutive calendar days for a total contract duration of 1,016 consecutive calendar days; and authorize final payment of \$227,001.18 to Mitchell Engineering.

There being no further business to discuss, the meeting was adjourned at 2:58 P.M.

Mary Y. Jung
Secretary

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